NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS

Congressional Information Service, Inc
Washington, D.C.

Calendar No. 895

99TH CONGRESS *2d Session*	SENATE	REPORT 99–438

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION BILL, 1987

SEPTEMBER 11 (legislative day, SEPTEMBER 8), 1986.—Ordered to be printed

Mr. COCHRAN, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R. 5177]

The Committee on Appropriations, to which was referred the bill (H.R. 5177) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1987, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

TOTAL OBLIGATIONAL AUTHORITY, FISCAL YEAR 1987

(EXCLUDING COMMODITY CREDIT CORPORATION REIMBURSEMENT)

Amount of bill as passed by the House	$28,592,465,000
Amount of change by Senate Committee	1,893,552,000
Amount of bill as reported to Senate	30,486,017,000
Amount of 1986 appropriations acts to date	27,692,400,000
Amount of estimates, 1987	28,604,019,000
The bill as reported to the Senate:	
Over the appropriations provided in 1986	2,793,617,000
Over the estimates for 1987	1,881,998,000
Over the House bill	1,893,552,000

5183-10

BREAKDOWN BY TITLE

The amounts of obligational authority for each of the five titles contained in the House bill for fiscal year 1987, compared with the Committee recommendations, are shown in the following table. A detailed tabulation, showing comparisons, appears at the end of this report. Recommendations for individual appropriation items, projects and activities are carried in this report under the appropriate item headings.

	1986 adjusted	1987 House bill	1987 Committee recommendation
Title I: Agricultural programs	$27,290,930,000	$19,242,918,000	$2,546,703,000
Title II: Rural development and assistance programs	5,067,421,000	6,057,325,000	7,426,776,000
Title III: Domestic food programs	15,203,141,000	14,910,403,000	15,668,563,000
Title IV: International programs	1,330,711,000	1,269,840,000	1,072,164,000
Title V: Related agencies	431,595,000	466,207,000	468,727,000
Total, new budget (obligational) authority	49,323,798,000	41,946,693,000	27,182,933,000
Transfers from section 32	3,277,528,000	3,302,710,000	3,303,084,000
Total obligational authority	52,601,326,000	45,249,403,000	30,486,017,000

COMPLIANCE WITH SECTION 308 OF THE BUDGET CONTROL ACT

Section 308(a) of the Budget Control Act (Public Law 93–344) requires that this Committee include in its report specific budgetary information on the status of recommended appropriations relative to the First Concurrent Resolution. The following table provides these data:

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93–344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1987: Subcommittee on Agriculture, Rural Development and Related Agencies	31.3	[1] 30,904	24.1	[2] 23,937
Projections of outlays associated with budget authority recommended in the bill:				
1987				[3] 22,855
1988				1,680
1989				185
1990				50
1991 and future year				53
Financial assistance to State and local governments for 1987 in the bill		8,505		7,575
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1987	7.45	7,521	2.9	2,871

[1] Includes section 32 permanent appropriation.

[2] Includes outlays from prior-year budget authority.

[3] Excludes outlays from prior-year budget authority.

CONTENTS

SUMMARY OF THE BILL

Page

General discussion of Committee consideration 5

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

Office of the Secretary 7
Office of the Assistant Secretary for Administration 8
Space rental and related costs [RENT], USDA 9
Advisory committees, USDA 10
Departmental administration 12
Office of the Assistant Secretary for Governmental and Public Affairs 15
Office of Governmental and Public Affairs 15
Office of the Inspector General 16
Office of the General Counsel 17
Office of Assistant Secretary for Economics 18
Economic Research Service 18
National Agricultural Statistics Service 19
World Agricultural Outlook Board 21
Office of Assistant Secretary for Science and Education 21
Agricultural Research Service 22
Cooperative State Research Service 28
Extension Service 36
National Agricultural Library 40
Office of the Assistant Secretary for Marketing and Inspection Services 41
Animal and Plant Health Inspection Service 41
Food Safety and Inspection Service 48
Federal Grain Inspection Service: Inspection and weighing services 49
Agricultural Cooperative Service 51
Agricultural Marketing Service 52
Office of Transportation 55
Packers and Stockyards Administration 56

FARM INCOME STABILIZATION

Office of the Under Secretary for International Affairs and Commodity Programs 57
Agricultural Stabilization and Conservation Service 58
Dairy Indemnity Program 60

CORPORATIONS

Federal Crop Insurance Corporation 61
Commodity Credit Corporation 63
  General Sales Manager 66

TITLE II—RURAL DEVELOPMENT PROGRAMS

RURAL DEVELOPMENT ASSISTANCE

Page
Office of the Under Secretary for Small Community and Rural Development 67
Farmers Home Administration 67
Rural Electrification Administration 88

CONSERVATION

Office of the Assistant Secretary for Natural Resources and Environment 94
Soil Conservation Service 95
Agricultural Stabilization and Conservation Service 101

TITLE III—DOMESTIC FOOD PROGRAMS

Office of the Assistant Secretary for Food and Consumer Services 106
Food and Nutrition Service 106
Human Nutrition Information Service 120

TITLE IV—INTERNATIONAL PROGRAMS

Foreign Agricultural Service 122
Public Law 480 123
Office of International Cooperation and Development 126
  Scientific activities overseas (Special Foreign Currency Program) 128

TITLE V—RELATED AGENCIES

Food and Drug Administration 130
Commodity Futures Trading Commission 134
Farm Credit Administration 135

TITLE VI—GENERAL PROVISIONS

General provisions 136

OVERVIEW AND SUMMARY OF THE BILL

The Agriculture, Rural Development, and Related Agencies appropriations bill provides funding for a wide array of Federal programs, mostly in the Department of Agriculture. These programs include agricultural research and extension activities, a variety of conservation programs, farm income and commodity price support programs, a number of marketing and inspection activities, several domestic food programs, and the various export and international activities of USDA. The rural development title of the bill includes funding levels for Farmers Home Administration and Rural Electrification Administration programs. The bill also provides funding for the Food and Drug Administration and the Commodity Futures Trading Commission, and establishes a limitation on the administrative expenses of the Farm Credit Administration.

The Committee has once again faced difficult decisions in attempting to remain within the confines of the subcommittee's 302(b) allocation. The President's budget requested substantial reductions in many popular and effective programs. The congressional budget resolution assumed restoration of most of those programs, but it also assumed reductions and/or inadequate funding for others. While the Committee recognizes that the assumptions in the budget resolution are not binding, it is impossible for the Committee to ignore those assumptions, since they served as the basis for the subcommittee's allocation.

The Committee has attempted to balance the priorities in the President's request, the budget resolution assumptions, and our determination of the most appropriate funding levels for programs and agencies in this bill. This bill, as reported by the Committee, is within the subcommittee's 302(b) allocation in both budget authority and outlays.

The Committee is recommending funding for most programs at the fiscal year 1986 levels, adjusted for the March 1 sequester pursuant to the Balanced Budget and Emergency Deficit Control Act. These programs include the Extension Service, Farmers Home Administration programs such as rural housing and rural development loans and grants, Rural Electrification Administration loans, soil and water conservation, and meat and poultry inspection, among others. Mandatory nutrition programs are fully funded for the entire fiscal year, which should avoid any funding shortfalls requiring supplemental appropriations.

One of the most difficult decisions the Committee has made is to reduce the programs under Public Law 480. The budget resolution assumed a reduction in the foreign assistance function (function 150) which translated into a $303,000,000 decrease from the 1986 Public Law 480 levels. This bill includes a reduction of approximately $260,000,000.

The $43,000,000 increase over the budget resolution assumption is the largest such increase in the bill.

As reflected on the front page of this report, the Committee's recommendation appears to be grossly in excess of the fiscal year 1986 levels, the President's budget request, and the House bill. Comparisons with the 1986 levels and the House bill are distorted by the fact that the House pursues a policy of substantially underfunding the reimbursement appropriations for the Farmers Home Administration's revolving funds. The bill, as recommended by the Committee, exceeds last year's levels primarily because the House conferees on the fiscal year 1986 Agriculture appropriations bill insisted on their position concerning the reimbursement accounts. Major increases over the 1986 levels include $2,400,000,000 for reimbursement of the Farmers Home Administration revolving funds (an increase which has no outlay effect) and $482,000,000 for increases in the nutrition programs of USDA, including mandatory increases of $407,000,000, and an increase in the Women, Infants, and Children [WIC] Program of $75,000,000. Major increases over the President's budget include $1,154,000,000 for nutrition programs (for which the President's budget requested legislative changes); $336,000,000 to restore soil and water conservation programs; $188,000,000 to restore the Extension Service programs; and $164,000,000 to restore Farmers Home Administration rural grants, mostly consisting of water and waste disposal grants. Major increases over the House bill include $1,200,000,000 for the reimbursement accounts of the Farmers Home Administration (again, no outlay effect is associated with this increase), and $775,000,000 to fully fund the child nutrition programs, including school lunch and school breakfast programs.

All accounts in the bill have been closely examined to ensure that an appropriate level of funding is provided to adequately carry out the programs of USDA, FDA, and CFTC, but to ensure that the bounds of fiscal restraint are not breached. This report and the bill which it accompanies (H.R. 5177), are the Committee's recommendations for addressing these important issues. The funding levels contained in the bill represent the Committee's attempt to strike the delicate balance between meeting the vital needs of American farmers and consumers, while assuming the equally essential responsibility of minimizing the burden on American taxpayers.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

1986 appropriation[1]	$1,648,000
1987 budget estimate[2]	1,790,000
House allowance	1,648,000
Committee recommendation	1,598,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Secretary of Agriculture, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This includes developing policy, maintaining relationships with agricultural organizations and others in the development of farm programs, and maintaining liaison with the Executive Office of the President and Members of Congress on all matters pertaining to agricultural policy.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201–2202). The delegation of regulatory functions to Department employees and authorization of appropriations to carry out these functions is contained in 7 United States Code 450c–450g.

COMMITTEE RECOMMENDATIONS

For the Office of the Secretary for fiscal year 1987, the Committee recommends an appropriation of $1,598,000. This is $50,000 less than the 1986 adjusted amount, $192,000 less than the budget request, and $50,000 less than the House allowance. The Committee concurs with the House in rejecting the proposal to fund all Under and Assistant Secretaries of the Department in the Office of the Secretary.

CURRENT LAW ESTIMATES

The Committee appreciates the response of the administration and the Department in requesting appropriations based on current law for most programs and in proposing authorizing legislation separately. However, this practice has not been followed in the Food and Nutrition Service accounts. The Committee takes note that the budget estimate for fiscal year 1987 excluded more than $1,100,000,000 which would be required to carry out existing programs under current law. The Committee strongly opposes this practice and insists that future appropriation requests reflect current law.

The Committee concurs with House report language stressing the requirement that no transfers between appropriated accounts are to be made without prior written notice to the Committee.

NEW STUDIES AND REPORTS

The Food Security Act of 1985 (Public Law 99–198) requires the Department to produce several new studies and reports. It also requires the establishment of three major national advisory commissions for which it has the responsibility to provide support. Small increases in funds have been provided in various accounts throughout the bill for these purposes, but they are insufficient to fully support these mandated studies and commissions. The Committee expects the Department to address the remaining requirements within available resources to every extent possible. If it is not feasible to fulfill these requirements, and if it becomes necessary to postpone or modify requirements, the Committee will expect to be kept informed on a case-by-case basis and that the 1988 budget submission will include the necessary funding requirements.

NEW QUARANTINE TECHNOLOGIES

The Committee is pleased to note the progress being made in developing new quarantine technologies. For several years, the Committee has recommended funding for programs that focus on the development of biological and genetic alternatives to pesticides. Irradiation may now be used to treat a wide variety of fresh and processed foods. The Committee thus directs the Secretary's task force on new quarantine technologies to report on the status of alternatives to ethylene dibromide [EDB], the role of irradiation as a tool in pest control, and how farmers and food processors might best take advantage of it.

SBIR PROGRAM

The Committee recommends a provision in the bill which will allow the Department to continue its current system in meeting the requirements of section 9 of the Small Business Act (15 U.S.C. 638), as amended by the Small Business Innovation Development Act of 1982, Public Law 97–219.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

1986 appropriation[1]	$455,000
1987 budget estimate[2]	495,000
House allowance	455,000
Committee recommendation	455,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Administration directs and coordinates the work of the departmental staff in carrying out the laws enacted by the Congress relating to accounting functions, real and personal property management, automated data processing, personnel management, development and dissemination of departmental information resources management, and other general administrative functions. In addition, the Office of the Assistant Secretary is responsible for all activities financed under the Department Working Capital Fund (7 U.S.C. 2235).

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Administration, the Committee recommends an appropriation of $455,000, the same as the amount provided by the House, the same as the adjusted amount for 1986, and $40,000 less than the budget request.

Space Rental and Related Costs [RENT]

1986 appropriation[1]	$48,728,000
1987 budget estimate	57,380,000
House allowance	48,728,000
Committee recommendation	48,728,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

This appropriation was established by the Agriculture, Rural Development and Related Agencies Appropriations Act of 1983 (Public Law 97–370) to finance the appropriated portion of the payment of the General Services Administration's [GSA] fees formerly known as standard level user charges, or SLUC, for rental of leased space and related services to all USDA agencies except the Forest Service which is funded in another appropriation bill. GSA now uses RENT to describe its services.

Agency budget estimates for RENT are based on GSA's projection of what it will charge the agency in a given budget year. GSA sets rates according to the market value of property or space occupied, and independent of any agency input. SLUC receipts are placed in a fund used by GSA in the management of its real property operations. All Federal Government agencies utilizing Government-owned or leased property pay into this fund, which provides GSA with a pool of capital to support overall Government space needs. In effect, this means that agencies are paying prevailing commercial rental rates in order to subsidize the inflated cost of new construction and newly leased space, and to provide for vacant space in GSA's inventory.

COMMITTEE RECOMMENDATIONS

For space and related costs, USDA, the Committee recommends an appropriation of $48,728,000. This is the same as the adjusted amount provided in 1986 and the amount provided in the House bill, and $8,652,000 less than the budget request. Due to severe budgetary constraints, the Committee has provided only the amount allowed after the

March 1, 1986, sequestration order. While USDA's appropriated funds were reduced, GSA did not reduce its rental charges accordingly. Thus, the Committee urges the GSA to reconsider its rates for fiscal year 1987.

The Committee concurs with the House provision allowing up to 10 percent of the amount appropriated for this account to be transferred to or from agency accounts if such agencies require additional GSA space or if they vacate GSA space to occupy commercial space. The Committee expects to be informed when any such transfer of funds is executed. The Committee also concurs with the general provision prohibiting rental payments in excess of the amount specified.

BUILDING OPERATIONS AND MAINTENANCE

1986 appropriation[1]	$16,932,000
1987 budget estimate	18,800,000
House allowance	18,039,000
Committee recommendation	18,039,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

On October 1, 1984, the General Services Administration delegated the operations and maintenance function for the buildings in the D.C. complex to the Department. This activity provides departmental staff and support services to operate, maintain, and repair the five buildings in the D.C. complex. GSA retains responsibility for major nonrecurring repairs.

COMMITTEE RECOMMENDATION

For building operations and maintenance, the Committee recommends an appropriation of $18,039,000. This is $1,107,000 more than the adjusted 1986 level $761,000 less than the budget request, and the same as the amount provided by the House. While this amount will not eliminate the backlog of repairs and renovations inherited from GSA when USDA assumed responsibility for buildings, operations, and maintenance, it will allow the Department to undertake additional repairs, continue the recurring repair program, and finance other increases related to utilities, service contracts, equipment, and supplies and materials.

ADVISORY COMMITTEES

1986 appropriation[1]	$1,258,000
1987 budget estimate	1,323,000
House allowance	1,358,000
Committee recommendation	1,308,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Department of Agriculture and several of its agencies utilize advisory committees to provide supplemental and specialized expertise that is valuable in assuring that information is timely and accurate and that decisions are based on the best available knowledge and technologies. These advisory committees are comprised of experts and professionals from the academic and private sectors. The Assistant Secretary for Administration is the principal Department officer responsible for performing functions and coordinating activities of these committees.

The following table displays advisory committees in existence during fiscal year 1986:

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)

Policy area and committee title	1987 estimated Membership	1987 estimated Funds
FOOD AND CONSUMER SERVICES		
National Advisory Council on Child Nutrition		(1)
National Advisory Council on Maternal, Infant, and Fetal Nutrition		(2)
Total		
SCIENCE AND EDUCATION		
National Agricultural Research and Extension Users Advisory Board	25	$205,000
National Arboretum Advisory Council	16	11,670
Human Nutrition Board of Scientific Counselors	17	36,470
National Plant Genetic Resources Board	19	20,319
Policy Advisory Committee for Salaries and Expenses Research Grants Program	17	18,900
Animal Health Science Research Advisory Board	12	17,200
Cooperative Forestry Research Advisory Council	16	41,200
Technical Advisory Committee for Salaries and Expenses Grants Program		356,980
Committee of Nine	9	30,500
Total	131	738,239
MARKETING AND INSPECTION SERVICES		
Grain Standards Act Advisory Committee	12	51,694
National Advisory Committee on Meat and Poultry Inspection	21	25,597
Advisory Committees on:		
Foreign Animal and Poultry Diseases	20	27,989
Swine Health Protection	20	13,800
Instruments and Standards for Cotton	14	26,285
General Conference Committee of the National Poultry Imp. Plan	10	7,000
Plant Variety Protection Board	17	6,551
Total	114	158,916
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS		
Agricultural Policy Advisory Committee for Trade	51	14,000
Technical Advisory Committees for Trade in:		
Cotton	13	13,000
Fruits and Vegetables	27	13,000
Grain and Feed	20	14,000
Livestock and Livestock Products	22	14,000
Oilseeds and Oilseed Products	15	13,000
Poultry and Eggs	15	13,000
Tobacco	13	13,000
Dairy Products	18	13,000

See footnotes at end of table.

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)—Continued

Policy area and committee title	1987 estimated	
	Membership	Funds
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS—Con.		
Agribusiness Promotion Council	30	$14,000
Agricultural Export Enhancement Advisory Group	8	10,000
Total	232	144,000
SMALL COMMUNITY AND RURAL DEVELOPMENT		
National Advisory Council on Rural Development	58	85,600
ECONOMICS		
National Agricultural Cost of Production Standards Review Board	46	30,000
DEPARTMENTAL ADMINISTRATION		
Citizen's Advisory Committee on Equal Employment	24	66,245
New requirements and contingencies		100,000
Total, advisory committees	605	1,323,000

[1] The President's budget is recommending repeal of the sections of the National School Lunch Act that provide authority for this committee.

[2] The President's budget is recommending repeal of the section of the Child Nutrition Act of 1966, as amended, that provides authority for this committee.

COMMITTEE RECOMMENDATIONS

For advisory committees for the Department of Agriculture for fiscal year 1987, the Committee recommends an appropriation of $1,308,000. This is $50,000 less than the amount provided in the House bill, $50,000 more than the adjusted appropriation for fiscal year 1986, and $15,000 less than the budget estimate. The Committee has provided a small increase in funds to support the new committees mandated in the Food Security Act of 1985 (Public Law 99-198). In addition, the Committee will expect the Department to continue to provide detailed information in the explanatory notes on all the advisory committee activities.

The Committee takes special note of the inclusion in the 1985 farm bill of a National Commission on Agricultural Policy. The Department is expected to place special emphasis on initiating this Commission in fiscal year 1987 within funds available.

DEPARTMENTAL ADMINISTRATION

1986 appropriation [1]	$21,251,000
1987 budget estimate	21,920,000
House allowance	21,180,000
Committee recommendation	21,227,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The departmental staff offices provide staff support to the top policy officials of the Department and overall direction and coordination of the work of USDA's program agencies to ensure the efficient and effective management and operation of the Department.

Activities carried out by the departmental staff offices include:

—Overall direction and administration of the Department's budgetary functions including development, presentation, execution control, reporting, and adjustment of funds and manpower resources; evaluation of program and legislative proposals for program, budget, and related resource implications; and analysis of program and resource issues and alternatives, and preparation of summaries of pertinent data to aid departmental policy officials and agency program managers in the decisionmaking process;

—Departmental leadership, oversight, and policy development in the areas of real and personal property, procurement, contracts, financial affairs, management improvement, and automated data processing;

—Guidance in and support of the personnel management program of the Department;

—Overall leadership and coordination for the Department's programs for equal opportunity and civil rights; implementation and administration of programs under sections 8 and 15 of the Small Business Act; and direction of the Department's efforts to further the participation of minority colleges and universities in departmental programs; direction and monitoring of compliance in promoting full and open competition in procurement;

—Departmental leadership, development, and evaluation of programs in finance, accounting, Federal assistance, occupational safety and health, productivity improvement, and management improvement of the Department;

—Administration of regulatory hearings and decisions by the administrative law judges who hold rulemaking and adjudicatory hearings and issue initial decisions and orders, and by the judicial officer who serves as final deciding officer in regulatory proceedings;

—Development and dissemination of departmental information resources management [IRM] standards, guidelines, rules, and regulations necessary to implement approved IRM principles, policies, and programs that improve the operational effectiveness of USDA's programs; provision of telecommunications and automated data processing [ADP] services to USDA agencies and staff offices; and

—Development of policies and procedures to minimize and control burdens associated with collection of information by the Department from individuals, businesses, and other private institutions, and State and local governments.

COMMITTEE RECOMMENDATIONS

For departmental administration for fiscal year 1987, the Committee recommends an appropriation of $21,227,000. This is $24,000 less than the adjusted amount provided in 1986, $693,000 less than the budget estimate, and $47,000 more than the amount provided in the House bill. The Committee did not assume the proposed management savings for the Offices of Budget and Program Analysis and Finance and Management, but did provide an increase of $47,000 for the Office of Administrative Law Judges.

This appropriation also includes the adjusted amount to fund the activities formerly financed on a reimbursable basis by USDA agencies. The Committee expects that no other charges will be made to agencies of the Department for these activities.

The Committee concurs with the House in directing the Department to prepare explanatory notes which reflect current law. Proposed legislation—regardless of whether it is proposed in appropriations language or as separate legislation—and estimated savings from such legislation, should be clearly and separately displayed.

WORKING CAPITAL FUND—CAPITALIZATION

1986 appropriation	$5,964,000
1987 budget estimate	6,000,000
House allowance	5,708,000
Committee recommendation	5,708,000

The USDA Working Capital Fund was authorized in 1944 by 7 United States Code 2235 and is used to finance services provided to USDA agencies on a centralized basis. Under the law, only activities approved by the Director of OMB may be carried out under the fund.

The fund received an initial appropriation of $400,000 in 1944. Over the years additional working capital has been made available through initial transfers as activities were brought into the fund and through congressional authorizations to receive growth capital from serviced USDA agencies. Working Capital Fund operations are financed by charging user agencies the actual costs of providing the centralized services they require. The following services are performed for the agencies and financed through the Working Capital Fund: central supply and other central services; reproduction services; motion picture, photographic, and other visual information services; National Finance Center; and automated data processing [ADP] services.

COMMITTEE RECOMMENDATIONS

For additional capital for the Working Capital Fund, the Committee recommends an appropriation of $5,708,000. This is $292,000 less than the budget request, the same as the amount provided by the House, and $256,000 less than the amount available in fiscal year 1986. The reduction reflects a 4.3-percent reduction from the amount appropriated for fiscal year 1986. This reduction should have taken place in fiscal year 1986 pursuant to Public Law 99–177. These funds will be used to increase the capitalization of the Working Capital Fund and to provide for the purchase of automated data processing equipment. The fund will also accumulate up to $2,000,000 in growth capital contributed by its constituent agencies.

The Committee has stricken a proviso in section 607 (General Provision) limiting the amount available from the Working Capital Fund for personnel compensation and benefits. The Working Capital Fund is not an appropriated account (except for this capitalization account), but is funded by agencies which utilize its services. A restriction on personnel costs could have the effect of denying to users timely or effective service, and users may be forced to contract out for a service which could be provided at a lower cost through WCF activities.

OFFICE OF THE ASSISTANT SECRETARY FOR GOVERNMENTAL AND PUBLIC AFFAIRS

1986 appropriation [1]	$318,000
1987 budget estimate [2]	345,000
House allowance	318,000
Committee recommendation	318,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Governmental and Public Affairs provides coordination of the Department's programs involving governmental and public affairs.

COMMITTEE RECOMMENDATION

For the Office of the Assistant Secretary for Governmental and Public Affairs, the Committee recommends an appropriation of $318,000. This is the same as the adjusted amount available in 1986 and the amount provided by the House, and is $27,000 below the budget estimate.

OFFICE OF GOVERNMENTAL AND PUBLIC AFFAIRS

PUBLIC AFFAIRS

1986 appropriation [1]	$7,407,000
1987 budget estimate	7,624,000
House allowance	7,293,000
Committee recommendation	7,365,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Public Affairs Office provides direction, leadership, and balance in the development and delivery of useful information through all media to the public on USDA's research, educational, and regulatory activities. It also serves as the focal point for liaison between the Department and the public, including the many associations and companies representing America's food and fiber system, with emphasis on policy education.

COMMITTEE RECOMMENDATIONS

For the Public Affairs Office, the Committee recommends an appropriation of $7,365,000. This is $42,000 less than the adjusted amount provided in 1986, $259,000 less than the budget estimate, and $72,000 more than the House allowance. The recommended level includes not less than $500,000 for the 1987 Yearbook of Agriculture. In addition, this appropriation includes the adjusted amount to fund activities that were previously financed on a reimbursable basis by USDA agencies.

LEGISLATIVE LIAISON

1986 appropriation[1]	$471,000
1987 budget estimate	486,000
House allowance	465,000
Committee recommendation	471,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Legislative Liaison Office maintains liaison with the Congress and the White House on legislative matters of concern to the Department and exercises responsibility for the coordination of all congressional matters except budgetary affairs of the Department.

COMMITTEE RECOMMENDATIONS

For the Legislative Liaison Office, the Committee recommends an appropriation of $471,000, which is the same as the fiscal year 1986 adjusted amount. This is also $6,000 more than the House allowance and $15,000 less than the budget estimate.

INTERGOVERNMENTAL AFFAIRS

1986 appropriation[1]	$444,000
1987 budget estimate	460,000
House allowance	440,000
Committee recommendation	444,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Intergovernmental Affairs Office directs and coordinates all programs involving the implementation of USDA policies and procedures applicable to the Department's intra and intergovernmental affairs.

COMMITTEE RECOMMENDATIONS

For the Intergovernmental Affairs Office, the Committee recommends an appropriation of $444,000, the same as the 1986 adjusted amount, $4,000 more than the House allowance, and $16,000 less than the budget request.

OFFICE OF THE INSPECTOR GENERAL

	Appropriation	Transfer from Food Stamp Program	Total
1986 appropriation[1]	$28,537,000	($15,924,000)	($44,461,000)
1987 budget estimate	46,321,000		(46,321,000)
House allowance	44,461,000		(44,461,000)
Committee recommendation	44,461,000		(44,461,000)

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Office of the Inspector General was established by law October 12, 1978, by the Inspector General Act of 1979. This act reaffirmed and expanded specific authorities for the activities of the Office of the Inspector General which had previously been carried out under the general authorities of the Secretary of Agriculture.

The inspector general:

- —Conducts and supervises audits and investigations relating to programs and operations of the Department of Agriculture;
- —Provides leadership and coordination and recommends policies for activities designed (a) to promote economy, efficiency, and effectiveness, and (b) to prevent and detect fraud and abuse in programs and operations of the Department; and
- —Keeps the Secretary and the Congress fully informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress of corrective action.

Pursuant to the Agriculture and Food Act of 1981, the Inspector General has authority to designate special agents to carry firearms while engaged in official duties under the Inspector General Act of 1978 such as: making arrests; executing warrants for arrests; searching of premises; and seizure of evidence while conducting investigations of suspected or alleged felony criminal violations involving USDA programs.

COMMITTEE RECOMMENDATIONS

For the Office of the Inspector General for fiscal year 1987, the Committee recommends an appropriation of $44,461,000. This is the same as the level recommended by the House, the same as the adjusted amount available in 1986, and $1,860,000 less than the budget estimate.

OFFICE OF THE GENERAL COUNSEL

	Appropriation	Transfer from Food Stamp Program	Total
1986 appropriation[1]	$16,124,000	($786,000)	($16,910,000)
1987 budget estimate	17,430,000		(17,430,000)
House allowance	16,832,000		(16,832,000)
Committee recommendation	17,430,000		(17,430,000)

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Office of General Counsel was established in 1910, and the General Counsel, as chief law officer of the Department, is responsible for providing legal services for all programs, operations, and activities of the Department. The General Counsel is assisted by a Deputy General Counsel and for Associate General Counsels, each of whom is responsible for a portion of the legal work of the Department. The functions of this office are performed in the Washington office and in 22 field offices.

The field offices handle legal work relating to the activities of the Agricultural Stabilization and Conservation Service, Commodity Credit Corporation, Farmers Home Administration, Federal Crop Insurance Corporation, Forest Service, Soil Conservation Service, Food and Nutrition Service, and the Agricultural Stabilization and Conservation Committees. By delegation of the General Counsel, legal work relating to other programs and activities of the Department may be handled by a field office.

COMMITTEE RECOMMENDATIONS

For the Office of the General Counsel for fiscal year 1987, the Committee recommends an appropriation of $17,430,000. This is $520,000 more than the adjusted amount provided in 1986, $598,000 more than the amount provided in the House bill, and the same as the budget estimate. The recommended amount includes $1,755,000 to maintain the OGC field offices that were opened in 1983 and were previously funded under a reimbursable agreement with the Farmers Home Administration. The remaining increase will allow the Department to fill some of the existing attorney vacancies.

OFFICE OF ASSISTANT SECRETARY FOR ECONOMICS

1986 appropriation[1]	$448,000
1987 budget estimate[2]	485,000
House allowance	448,000
Committee recommendation	448,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of Assistant Secretary for Economics provides direction and coordination in carrying out the laws enacted by the Congress in the area of economics, statistics, and other social sciences research, analysis, and information related to food, agriculture, and rural resources. The Office has oversight and management responsibilities for the National Agricultural Statistics Service, Economic Research Service, World Agricultural Outlook Board, economic analysis staff, economic management staff, and the Office of Energy.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Economics, the Committee recommends an appropriation of $448,000, the same as the fiscal year 1986 adjusted amount and the amount provided by the House. This is $37,000 below the 1987 budget estimate.

ECONOMIC RESEARCH SERVICE

1986 appropriation[1]	$43,982,000
1987 budget estimate	45,475,000
House allowance	43,982,000
Committee recommendation	43,982,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Economic Research Service [ERS] was established on September 30, 1981, by separating the functions previously performed by the Economics and Statistics Service into two new program agencies, the Economic Research Service and the Statistical Reporting Service (now known as the National Agricultural Statistics Service). Management support services for the agency are carried out by the economics management staff. The agency's responsibility is authorized principally by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

The principal function of ERS is to serve the critical need for timely and reliable agricultural economic information (research, forecasts of major agricultural economic indicators, policy analysis, and data) that addresses the multitude of economic concerns and the decisionmaking needs of farmers, consumers, extension workers, private analysts, processors, marketers, input suppliers, and policy officials in the Federal Government, Congress, and State and local governments.

COMMITTEE RECOMMENDATIONS

For the Economic Research Service, the Committee recommends an appropriation of $43,982,000. This is the same as the 1986 adjusted amount and the amount provided by the House, and is $1,493,000 less than the budget request. The Committee concurs with the general reduction proposed by the agency.

The Committee concurs with the House in urging the agency to conduct a study to update information relating to honey production, pollination, and the relationship of the beekeeping industry to other segments of agriculture and the environment. In addition, the Committee directs ERS, from within available funds, to conduct a study to identify alternatives for maintaining and strengthening economic development in rural communities and to report to the appropriate committees of Congress by July 1, 1987.

NATIONAL AGRICULTURAL STATISTICS SERVICE

1986 appropriation [1]	$56,137,000
1987 budget estimate	59,712,000
House allowance	56,787,000
Committee recommendation	56,787,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The primary responsibilities of the National Agricultural Statistics Service [NASS] (formerly known as the Statistical Reporting Service) are the development and issuance of national and State agricultural statistics, statistical research, and coordination of the Department's statistical programs as authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

NASS programs are conducted in the following major areas:

Crop and livestock estimates.—This area includes estimates of production, supply, price, and other aspects of the agricultural economy; conduct of enumerative and objective measurement surveys; preparation and issuance of the official national and State estimates and reports of the Department relating to acreages, types and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, and other subjects as required.

Statistical research and service.—This area includes review, clearance, coordination, and improvement of statistics in the Department, and research on and development of improved statistical techniques used in gathering and evaluating statistical data, including use of satellite data.

Work performed for others.—Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable or advance payment basis. These services consist primarily of conducting surveys and performing related statistical data collection activities. They also include technical consultation and support and technical assistance programs abroad under participating agency service agreements.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Statistics Service, the Committee recommends an appropriation of $56,787,000. This is $650,000 more than the adjusted level provided in fiscal year 1986, $2,925,000 less than the budget estimate, and the same as the House allowance. The recommended increase provides funding for crop data improvement and for improved crop reporting board procedures. The Committee concurs with the reduction for studies on prices paid for building materials and marketing containers and also does not provide the requested increase for operating costs.

The Committee is concerned that the Department is reducing the number of barley variety surveys it conducts. These surveys have provided valuable information in 10 key barley producing States by making the information available to the industry and to barley researchers. In addition, the surveys are a critical component to barley variety identification techniques which are utilized by the barley trade and the Federal Grain Inspection Service when grading barley as feed or malting barley. These surveys also have a significant impact on the malting barley export trade. The State barley surveys indicate to importers that an adequate and reliable supply of specified varieties are available, thereby aiding the United States in its efforts to compete with Canada, Australia, and Europe in the highly competitive barley export trade. The Committee notes that a significant share of the funding for these surveys is provided by the industry and State associations. Therefore, the Committee directs the Department, within the funds provided, to maintain the barley surveys in at least nine States: Idaho, Minnesota, Montana, North Dakota, Washington, Colorado, Oregon, South Dakota, and Wyoming.

The Committee will further expect the NASS to continue the dry pea and lentil annual crop report and the annual report on white wheat.

An amendment reflecting the change in the agency's name from Statistical Reporting Service is included in the bill.

The Committee has stricken language in the bill concerning apple production reports, as the language is no longer necessary.

WORLD AGRICULTURAL OUTLOOK BOARD

1986 appropriation[1]	$1,591,000
1987 budget estimate	1,680,000
House allowance	1,608,000
Committee recommendation	1,608,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The World Agricultural Outlook Board serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture with the responsibility for coordinating and reviewing for clearance all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The Board's primary objective is to improve the consistency, objectivity, and reliability of outlook and situation material being disseminated to the public.

The Board's functions include information dissemination; market surveillance; coordination of international and domestic agricultural developments; coordination of weather, climate and remote sensing research; and forecasting techniques.

COMMITTEE RECOMMENDATIONS

For the World Agricultural Outlook Board for fiscal year 1987, the Committee recommends an appropriation of $1,608,000. This is $17,000 more than the adjusted amount provided in 1986, $72,000 less than the budget estimate, and the same as the amount provided in the House bill.

OFFICE OF ASSISTANT SECRETARY FOR SCIENCE AND EDUCATION

1986 appropriation[1]	$350,000
1987 budget estimate[2]	380,000
House allowance	350,000
Committee recommendation	350,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Science and Education provides direction and coordination in carrying out the laws enacted by the Congress for food and agricultural research, extension, and teaching efforts. The Office has oversight and management responsibilities for the Agricultural Research Service, Extension Service, Cooperative State Research Service, National Agricultural Library, and the Office of Grants and Program Systems.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Science and Education, the Committee recommends an appropriation of $350,000, the same as the fiscal year 1986 adjusted amount and the amount provided by the House. This is also $30,000 less than the budget request.

AGRICULTURAL RESEARCH SERVICE

1986 appropriation[1]	$478,080,000
1987 budget estimate	513,053,000
House allowance	498,748,000
Committee recommendation	498,175,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

As the U.S. Department of Agriculture's in-house agricultural research unit, the Agricultural Research Service [ARS] has major responsibilities for conducting and leading the national agricultural research effort. It provides initiative and leadership in five areas: research on broad regional and national problems; research to support Federal action and regulatory agencies; expertise to meet national emergencies; research support for international programs; and scientific resource to the executive branch and Congress.

The mission of ARS research is to develop new knowledge and technology which will ensure an abundance of high quality agricultural commodities and products at reasonable prices to meet the increasing needs of an expanding economy and to provide for the continued improvement in the standard of living of all Americans. This mission focuses on the development of technical information and technical products which bear directly on the need to (1) manage and use the Nation's soil, water, air, and climatic resources, and improve the Nation's environment; (2) provide an adequate supply of agricultural products by observing practices that will maintain a permanent and effective agriculture; (3) improve the nutrition and well-being of the American people; (4) improve living in rural America; and (5) strengthen the Nation's balance of payments.

ARS also coordinates and provides program leadership for higher education work of the Department, as provided for by section 1417 of Public Law 95–113, as amended, and section 1419 of Public Law 97–98.

COMMITTEE RECOMMENDATIONS

Salaries and expenses.—For salaries and expenses of the Agricultural Research Service, the Committee recommends $498,175,000, $14,878,000 less than the budget request, $573,000 less than the amount provided by the House, and $20,095,000 above the 1986 level.

The amount provided by the Committee includes $2,000,000 for the special fund. These funds are used to strengthen work at Federal research installations in the field by employing junior scientific help under contracts and cooperative agreements.

The Committee has deleted bill language regarding the provision and coordination of program leadership for higher education, as the responsibility for these activities has been transferred to the Cooperative State Research Service.

National Arboretum.—For the research program at the National Arboretum, the Committee concurs with the House in recommending $3,583,000, the full amount of the budget request.

The Committee directs the USDA to cooperate with the Friends of the National Arboretum to permanently display at the National Arboretum, Washington, DC, the original sandstone columns removed from the east portico of the U.S. Capitol. The Committee expects the USDA to provide inscribed stones adjacent to each column that appropriately recognize the donors. The Committee also expects that the inscriptions will properly recognize that the contributions were intended for the display of the columns only.

Nutrition research.—The Committee concurs with the House increase of $1,000,000 above the budget request for the USDA Children's Nutrition Research Center at Baylor College of Medicine. These funds will allow for expansion of the work now under way at this center.

For expansion of the work currently underway at other nutrition research facilities, the Committee recommends the following increases: Tufts University, $250,000; Beltsville, $250,000; Grand Forks, $250,000; and the Western Research Center, $250.000.

The Committee does not agree with the language in the House report that the mission of the ARS should be amended to include the training of students. There are other agencies within USDA which have the jurisdiction and authority to conduct such programs. The Committee believes the facilities and resources of ARS should be directed to its primary mission—research.

Citrus research.—The recent detection of the Asiatic or A-strain citrus canker in central Florida increases the importance of this ongoing research effort. The A-strain is considered to be the most virulent variety of this plant disease attacking a wide variety of hosts within the genus citrus, including grapefruit and sweet oranges. This problem, now in its third year in Florida, could easily spread to other States if not brought under control by learning how to eradicate the disease other than by mass destruction of citrus groves. Therefore, the Committee directs ARS to continue the citrus canker research program in fiscal year 1987 at least at the same level provided in 1986.

Barley research.—The Committee expects the Department to maintain its barley research program, as well as to increase its barley germplasm evaluation, enhancement, and storage programs. The Committee is concerned that the development of a control for the barley yellow dwarf virus is not taking place on a coordinated basis. While several different private research workers are working on it in conjunction with the Department of Agriculture, the Committee expects the Department to take the lead role in the development and implementation of this program.

Dairy forage.—The Committee recommends an increase of $142,000 for research at the Dairy Forage Research Center at Madison, WI, and its seven cluster locations. This increase in funding will allow for expansion of research devoted to more efficiently producing, processing, and utilizing resource-conserving forages.

National Sedimentation Laboratory.—To expand work now underway at the National Sedimentation Laboratory on the Yazoo Basin demonstration project, the Committee concurs with the increase of $250,000 as provided by the House.

Forage Seed Research Center.—The Committee recommends an additional $300,000 for the Forage Seed Research Center in Corvallis, OR. Funds for the construction of this facility were provided by the Congress in fiscal year 1984, and the facility is scheduled to be completed in December. The increase allows for initial staffing at the Center.

Peach research.—The Committee has included an increase of $138,000 for research at the Appalachian Fruit Research Laboratory. This increase will provide some additional equipment to allow the laboratory to further enhance and accelerate its ongoing research on the impact of environmental factors on the growth of fruit.

Soil and water conservation.—The Committee recommends an increase of $89,000 for the Appalachian Soil and Water Conservation Laboratory at Beckley, WV. These funds will be used to further enhance the study of erosion and water runoff on hill land agriculture.

Oilseed research.—The Committee has become aware of a funding problem for ARS' oilseeds research at Fargo, ND. Due to a change in the budgeting process, as well as increases in utility charges and estimates for location costs, the indirect costs of the research have increased more than sixfold since 1984. Consequently, the research itself is suffering from lack of funding, and the Committee directs the Department to alleviate this situation by providing for adequate funding for the research being done at this facility.

Rhizomania research.—The Committee concurs with the House provision of an increase of $250,000 for research on rhizomania, a sugar beet disease that was discovered in California in 1983 and in Texas in 1985. Once this disease has occurred, sugar beets cannot be grown for several years in the affected soil. The cause of the disease is unknown.

Potato research.—Dark end syndrome is a potentially devastating problem which currently affects the potato industry in the Pacific Northwest. The Committee agrees with the Department's recommendation to redirect $350,000 from soil and water management research programs at Kimberly, ID, in order to pursue some additional research on this serious problem. It is the Committee's understanding that this redirection would be consistent with the existing research mission at the location and would not severely impact other major programs or require the relocation or displacement of personnel.

The Committee recognizes the importance of the research on the control of bacterial pathogens of potatoes being conducted at North Dakota State University and recommends this program be continued at least at last year's level.

The Committee also is aware of the important potato research being conducted at the laboratory at East Grand Forks, MN. The Committee notes that this facility was provided to ARS by the potato industry and that it is currently a cooperative effort among the potato industry, North Dakota State University, the University of Minnesota, and ARS. The Committee hopes expansion of this important work can be forthcoming from within available funds.

Conservation tillage systems.—Section 1211 of the Food Security Act of 1985 helps assure the protection of our soil and water resources by prohibiting producers from receiving program benefits for commodities grown on land identified as highly erodible. The Committee strongly supports this provision and wants to assure effective implementation. However, the Committee recognizes that this provision could limit severely the program eligibility of traditional crops, such as cotton, because of the lack of conservation tillage systems now available which would allow production without excessive soil erosion.

The Committee urges USDA to accelerate research efforts to develop conservation tillage systems for highly erodible land, to allow the continued production of traditional crops while helping to assure the protection of our natural resources.

Fruit research.—The Committee expects the Department to give additional attention to the important research being conducted on postharvest research at Wenatchee, as well as research on insect biology and pest management at Yakima, WA. Specifically, the Committee recommends an increase of $97,000 to help fill needed positions for a pathologist and a postharvest physiologist at the Wenatchee facility. Also, the Committee is concerned about the future viability of the site for the Yakima laboratory, which an independent study has shown is outdated and overcrowded. This situation is exacerbated by the fact that the lease for the present facility expires in September 1987. The Committee instructs the Department to conduct a search for a new site for the facility in the Yakima area and report to the Committee on its findings on or before March 30, 1987.

Grasshopper fungus.—Of the funds available for grasshopper fungus research, the Committee directs that $60,000 be designated for the continuation of research of the biological control of grasshoppers at North Dakota State University. The Committee notes that the funding for this ongoing project has diminished gradually and, therefore, expects the Department to continue this research with full support.

Muscadines.—The Committee concurs with the House provision of $250,000 to provide support for the muscadine industry. This is $250,000 more than the budget request and the amount available in 1986. The Committee will expect ARS to cooperate with Mississippi State University in conducting research on crown gall disease, which is of great concern to this new industry.

Beltsville Research Center.—The Committee recommends an increase of $1,000,000 above the budget request to restore and upgrade the Beltsville Agricultural Research Center. This is the same as the House allowance.

Rice research.—The Committee again recognizes the importance of rice research activities conducted at the ARS facility in Stuttgart, AR. The Department will be expected at least to continue the research activities and staffing levels at the Stuttgart facility commensurate with recent-year levels.

U.S. Sheep Experiment Station.—The Committee recognizes the critical need for new equipment and upgrading of facilities at the U.S. Sheep Experiment Station at Dubois, ID. The Committee has included $150,000 to be used for this purpose.

Pea and lentil research.—The Committee supports continued funding at the 1986 level for pea and lentil research in the Pacific Northwest.

Lygus bug.—The Committee recommends that funding be provided to continue the program to control lygus bug on peas and lentils. The project is a cooperative effort conducted at the University of Idaho, at Washington State University, and at the USDA-ARS Insect Laboratory in Yakima, WA.

Vegetable oils as fuel.—The Committee directs that research being conducted at Moscow, ID, on the use of vegetable oils as a replacement for diesel fuel be continued at the current level.

Biological control.—The Committee continues to recognize the importance of biological control research and its relevance to the control of tropical and subtropical pests which were, heretofore, not introduced or known in the United States. The Committee is impressed with the ongoing research at the University of Florida, and urges the USDA to cooperate fully with the university in its biological control research.

Bee research.—The Committee recommends funding for bee research at the 1986 adjusted level. The Department is expected to give increased attention to Varroa mites, including additional involvement in the research program in Brazil. ARS should consult with the Office of International Cooperation and Development [OICD] to explore possibilities of increased involvement in such research with resources available to OICD.

Within the amount provided for bee research, the Committee directs the ARS to continue work on these nonapis pollinators at the 1986 adjusted level with the chalkbrood syndrome, a high priority research need. The Committee will expect ARS to continue to cooperate with regional universities through extramural agreements.

Option to purchase land at Florence, SC.—The Committee has amended the bill to allow the Department to purchase a 1-year option to purchase land at Florence, SC. This is identical to a provision in the fiscal year 1986 bill. An extension of the time available to purchase the land is necessary, because it is now apparent that, due to circumstances beyond the Department's control, the land will not be available for purchase before the end of fiscal year 1986.

Scientific consultations.—The Committee concurs with the House in providing a transfer of $200,000 from ARS to the Office of the Assistant Secretary for Science and Education in order to participate in international scientific consultations on issues involving agricultural chemicals and food additives.

Other research items.—The Committee does not concur with the House increases of $190,000 for assessment of dioxin contamination in the Great Lakes; $100,000 for the Oklahoma Fish Hatchery; $69,000 for additional wheat research; and $2,000,000 for the Agricultural Research and Development Consortium.

BUILDINGS AND FACILITIES

1986 appropriation [1]	$6,041,000
1987 budget estimate	....
House allowance	35,500,000
Committee recommendation	12,900,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The "Buildings and facilities" account is established for the acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or used by, the Agricultural Research Service. Routine construction or replacement items would continue to be funded under the limitations contained in the regular account.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $12,900,000 for this account. This is $12,900,000 more than the budget estimate, $22,600,000 less than the House allowance, and $6,859,000 more than the amount provided in 1986. These funds shall remain available until expended.

The Committee concurs with the House in providing $5,400,000 for construction of a regional center for food animal production, research, and service at Tuskegee University School of Veterinary Medicine. In addition, a waiver of the matching fund requirement has been provided because of the unique funding arrangements for Tuskegee University.

The Committee further concurs with the House in appropriating $1,000,000 for the planning costs of a new U.S. Salinity Laboratory to be located on or near the campus of the University of California at Riverside, and $300,000 for the construction of additional classroom space at the Virginia/Maryland Regional College of Veterinary Medicine in Blacksburg, VA, to be matched by $300,000 from the college.

The Committee notes the strong recommendation contained in a feasibility study conducted by the Agricultural Research Service that the Pennsylvania State University establish a new Agricultural Science and Industry Center. Citing the urgent need for new facilities, the study concludes that the "plan is viable, not excessive, and will address the highest priority needs of the College of Agriculture in its support of the agriculture industry of Pennsylvania and the Northeast." Therefore, the Committee recommends an appropriation of $1,800,000 for planning costs. It is the Committee's understanding that the State will match these funds.

The Committee does not concur with the House appropriation of $27,000,000 for construction of a plant and animal sciences research center at the University of Illinois.

The Committee recommends $900,000 to construct a wheat marketing and demonstration laboratory to be located in Portland, OR, and operated under the aegis of Oregon State University. The Committee recognizes that the ports of the Pacific Northwest export approximately one-third of the Nation's wheat, and Portland is the marketing center for the grain trade on the west coast.

The Committee concurs with the House bill language which allows the National Arboretum to use gift funds to construct facilities to house the Bonsai collection.

Also, the Committee recommends bill language which directs USDA to complete construction of the National Small Grains and Germplasm Working Repository in Aberdeen, ID. Funds for this purpose were provided in the 1986 Agriculture appropriations bill as referenced in Public Law 99–190. When it is completed, the Committee further expects the Department to transfer all accessions, equipment, and FTE's now located at the Beltsville germplasm facility to the new facility in Idaho.

The Committee recommends $900,000 for the planning costs associated with the construction of the George D. Aiken Center for Microbiology and Agricultural Science in Vermont. This center will focus on the relationship of agricultural, natural resource, and environmnental issues in the context of microbiological research.

The Committee is interested in two projects submitted by Kansas State University. One is for construction of a new plant science research center, and the other is for an educational satellite video communications center. The Committee has been advised that matching funds would be provided by the State and private sector. Therefore, the Committee includes $100,000 for the Department to conduct feasibility studies of these two Kansas State University proposals and to report to the appropriate committees of Congress by January 1, 1987.

The Committee is interested in a national center for food and industrial product development, and directs the Department to study the feasibility of constructing such a facility at Iowa State University. The Committee will expect that up to $50,000 will be made available from within ARS to conduct the study which should be submitted to the appropriate committees of Congress by May 1, 1987.

Finally, the Committee provides an appropriation of $2,500,000 for establishment of a high containment laboratory at the Southeast Poultry Research Center in Athens, GA. This facility is essential for the identification, containment and/or extermination of exotic diseases, such as avian influenza.

Cooperative State Research Service

1986 appropriation [1][2]	$281,124,000
1987 budget estimate	246,356,000
House allowance	269,092,000
Committee recommendation	295,877,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Includes $5,000,000 transferred from the Commodity Credit Corporation for an international trade center at Oklahoma State University (Public Law 99–349).

The Cooperative State Research Service is the U.S. Department of Agriculture's principal entree to the university system of the United States for the purpose of conducting agricultural research as authorized by the Hatch Act of 1887, as amended (7 U.S.C. 361a–361i); the Cooperative Forestry Research Act of 1962, as amended (16 U.S.C. 582a–7); Public Law 89–106, section (2), as amended (7 U.S.C. 450i); and the

National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3101 et seq.). Through these authorities, the U.S. Department of Agriculture participates with State and other sources of funding to encourage and assist the State institutions in the conduct of agricultural research through the State agricultural experiment stations of the 50 States, Puerto Rico, Guam, the Virgin Islands, the District of Columbia, American Samoa, and Micronesia; by approved schools of forestry; the 1890 land-grant institutions and Tuskegee Institute; colleges of veterinary medicine; and other eligible institutions.

COMMITTEE RECOMMENDATIONS

The following table summarizes Committee recommendations for the Cooperative State Research Service.

COOPERATIVE STATE RESEARCH SERVICE

[In thousands of dollars]

	Fiscal year 1986 appropriation[1]	Fiscal year 1987 budget	House bill	Committee recommendation
Payments under Hatch Act	148,792	155,545	148,792	148,792
Cooperative forestry research (McIntire-Stennis)	12,412	12,975	12,412	12,412
Payments to 1890 Colleges and Tuskegee	22,320	23,333	22,320	22,320
Special research grants (Public Law 89–106):				
STEEP-Soil Erosion in the Northwest	591	...	591	591
Food systems research group	148	...	148	148
Pest management	2,940	...	2,940	2,940
Rural development centers	363	...	363	363
Soybean cyst nematode (Missouri)	285	...	285	285
Bean and beet (Michigan)	93	...	93	...
Animal health	5,705	...	5,705	5,705
Aquaculture, (Stoneville, MS)	400	...	400	400
Dairy and beef photoperiod (Michigan)	33	...	33	...
Pesticide clearance	1,369	...	1,369	1,369
Minor use animal drugs (IR–4)	229	...	229	229
Pesticide impact assessment	1,968	...	1,968	1,968
Dairy goat research (Texas)	95	...	95	95
Aquaculture (general)	285	...	485	485
Milk consumption (Pennsylvania)	285	...	285	285
International livestock program (Kansas)	95	...	...	95
Stored grain insects (Kansas)	285	...	...	285
Germplasm resources	951	...	...	...
Blueberry shoestring virus (Michigan)	92	...	92	...
Peach tree short life (South Carolina)	183	...	183	183
TCK Smut (wheat)	343	...	343	193
Sugarland use research (Hawaii)	142	...	142	142
Mosquito research	456	...	456	456
Integrated production systems (Oklahoma)	238	...	188	188
Preservation and processing research (Oklahoma)	142	...	242	142

See footnotes at end of table.

COOPERATIVE STATE RESEARCH SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1986 appropriation[1]	Fiscal year 1987 budget	House bill	Committee recommendation
Special research grants (Public Law 89–106)—Continued				
Dried bean (North Dakota)	48		48	75
Sunflower insects (North Dakota and South Dakota)	190		190	190
Tropical and subtropical	3,091		3,091	3,091
Potato research	761		761	761
Dark-end syndrome				150
Asparagus yield decline (Michigan)	95		95	
Biocontrol of grasshoppers	48		48	48
Wool research (Texas)	142		142	142
Ag Policy Institute (Iowa and Missouri)	357		357	
Biomass from dairy processing waste (Missouri)	285		285	285
Stone fruit decline (Michigan)	285		285	285
EDB replacement (Hawaii)	285		285	285
Wood utilization research	2,852		2,852	2,852
Integrated reproduction management (Nebraska)	95		95	95
Cranberry/blueberry disease and breeding (New Jersey)	95		95	95
Alternative cropping systems in the Southeast	285		285	285
Maple research (Vermont)	95		95	95
Apple quality research (Michigan)	95		95	95
Aquaculture planning grant (Hawaii)	142			
Multicropping strategies for aquaculture (Hawaii)			152	142
Prime farm land reclamation (Illinois)			300	
Belgian endive (Massachusetts)			60	60
Fruit and vegetable production and marketing (Kentucky)	142		142	142
Plant stress (New Mexico, California, and Texas)	285		385	385
Acid precipitation[2]				661
Remote sensing[3]				191
Subtotal, special research grants	27,389		26,778	26,957
Competitive research grants:				
Plant science	13,787	15,587	4,279	13,126
Soybean research	(493)		(493)	
Acid precipitation	(661)	(691)	(661)	
Alcohol fuels	(514)		(514)	
Animal science	4,279	4,473	4,279	4,279
Brucellosis	(475)	(497)	(475)	
Reproductive efficiency	(2,377)	(2,485)	(2,377)	
Pest science	2,853		2,853	2,853
Gypsy moths	(951)		(951)	
Boll weevil/boll worm	(951)		(951)	
Pine bark beetle	(951)		(951)	
Human nutrition	2,377	2,485	2,377	2,377
Biotechnology	19,016	19,880	19,016	19,016
Subtotal, competitive research grants	42,312	42,425	32,804	41,651

See footnotes at end of table.

COOPERATIVE STATE RESEARCH SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1986 appropriation[1]	Fiscal year 1987 budget	House bill	Committee recommendation
1890 research facilities	9,508	9,940	9,508	9,508
Animal health and disease (sec. 1433)	5,476		5,476	5,476
Higher education	[4]4,754	1,988	[4]4,754	4,988
Rangeland research grants (sec. 1480)	475		475	475
Critical Agricultural Materials Act (guayule and polymers)	1,143		1,143	14,668
Research Facilities Act (sec. 1411)				2,000
Aquaculture centers (sec. 1475)			2,000	4,000
Federal administration	1,543	150	2,630	2,630
International Trade Facility (Oklahoma) (transfer from CCC)	(5,000)			
Total, Cooperative State Research Service	276,124	246,356	269,092	295,877

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Previously funded under competitive grants.

[3] Funds for this grant were available in 1986, although they were appropriated in the fiscal year 1985 supplemental appropriations bill (Public Law 99–88).

[4] Excludes $2,800,000 Morrill-Nelson permanent appropriation.

Individual items are discussed below:

Payments for cooperative research under the Hatch Act.—The Committee recommends $148,792,000. This is the same as the House allowance and the 1986 adjusted level, and $6,753,000 less than the budget estimate.

Cooperative forestry research.—The Committee recommends $12,412,000. This is the same as the amount provided by the House and the amount provided in 1986, and $563,000 less than the budget request.

Payments to 1890 Colleges and Tuskegee.—The Committee recommends $22,320,000. This is the same amount provided by the House and that was available in 1986. It is $1,013,000 less than the budget estimate.

Special research grants under Public Law 89-106.—The Committee recommends a total of $26,726,000. Specifics of individual grant allowances are included in the accompanying table. Changes from House levels are discussed below.

Competitive research grants.—The Committee recommends an appropriation of $41,651,000. This is $8,847,000 more than the House allowance and $774,000 less than the budget estimate, and $661,000 less than was available in 1986. The Committee continues its commitment to the competitive grants method of fostering and promoting increased levels of basic agricultural research in our Nation.

The Committee has restored the plant sciences category of competitive grants to the 1986 postsequester level, reduced by $661,000 which was formerly earmarked for acid precipitation. That research will be included in the bill as a special grant under the Committee's recommendation. The Committee has also chosen not to earmark areas of research within the competitive grant categories.

Research facilities at the Colleges of 1890 and Tuskegee.—The Committee recommends $9,508,000. This is the same as the 1986 adjusted level, $432,000 below the budget request, and the same as the House bill. Under the 1981 farm bill provisions, fiscal year 1986 was to have been the final year for these grants. The Food Security Act of 1985 extended the authorization through fiscal year 1987. For that reason, the Committee has included a technical amendment which indicates that the original authorization has been amended.

Aquaculture.—The Committee recommends $485,000 for continuation of general aquaculture research. This is $200,000 more than the level provided in 1986, and $485,000 more than the budget request, and the same as the House allowance. The recommended increase is to establish a research program in Louisiana on crawfish, prawns, and redfish. The Committee expects this research to be coordinated with that conducted at the Stoneville Aquaculture Research Center. This research provides valuable knowledge related to disease and parasite control, water quality, diet formulation, and improved reproductive efficiency.

Aquaculture centers.—The Committee recommends $4,000,000 to carry out the program authorized by section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended. Section 1475(d) authorizes four centers for aquaculture research, development, and demonstration. The centers shall be established, one each to serve the southern, north central, northeastern, and western regions, including a subcenter in the western region for the Pacific Basin. The Committee directs the Department to develop consortia of institutions to serve the regions. Leadership for the centers and subcenter is to come from institutions with demonstrated competence in aquaculture and should include, but not be limited to, the University of Washington, Mississippi State University, and the University of Hawaii. This is $2,000,000 more than the amount provided in the House bill.

The Committee emphasizes that aquaculture is and should be an integral part of agriculture. The Department is directed to ensure that complementary and coordinating efforts with traditional agriculture are pursued as the aquaculture centers develop their goals and priorities. Integration of aquaculture and traditional agriculture systems should also be explored.

Stored grain insects.—The Committee provides $285,000 to Kansas State University to continue research on the management of stored grain insect problems. The presence of insects in stored grain has resulted in quality problems, both in domestic and export supplies of grain. This is $285,000 more than the budget request and House allowance.

International livestock program.—The Committee provides $95,000 to Kansas State University for continuation of an international livestock program. This appropriation will be matched by a comparable amount from the State of Kansas.

Sunflower insects.—The Committee recommends an appropriation of $144,000 to continue research on sunflower insects at North Dakota

State University. In addition to the amount provided to North Dakota State University to continue current research programs, the Committee has provided $46,000 for South Dakota State University to explore the use of somatic cell and embryo culture techniques for enhancement of sunflower germplasm.

Dried bean.—The Committee recommends $75,000 to continue the bean breeding program at North Dakota State University. This is $27,000 more than the House allowance and $75,000 more than the budget request. This increase allows for further development of varieties which will provide higher yields, reduce disease losses, and minimize harvest problems experienced with current varieties.

Belgian endive.—The Committee recommends $60,000 for research on the development of alternative crops with reduced herbicide usage, such as Belgian endive, in the New England area.

Acid precipitation.—The Committee recommends $661,000 for research on acid rain. This is the same amount that was available in 1986, although it was included under competitive grants. The acid precipitation research grants are part of a U.S. Governmentwide assessment program. The directed nature of the program can be better accommodated in special grants than in the competitive research grants program.

Remote sensing.—The Committee recommends $191,000 for a grant to the University of Kansas for the continuation of the evaluation and transfer of remote sensing applications to agricultural users. This program further strengthens the work now underway at USDA in remote sensing applications. It is done in cooperation with the State agricultural experiment station. This grant was available during 1986, but is not displayed in the 1986 column of the table at the beginning of this account, because it was first funded in the fiscal year 1985 Supplemental Appropriations Act (Public Law 99–88). The amount provided by the Committee in this bill is the amount provided in that act, reduced by 4.3 percent.

Dark-end syndrome.—Dark-end syndrome is a problem that is manifested in potatoes during processing resulting in the ends of french fries turning brown and shriveling up. The potato growers in the region have been informed by the processors that the problem must be resolved in 2 or 3 years or production will be shifted to other areas of the country. If production were shifted by the processors, it would result in the demise of the potato industry in those three States. The $150,000 provided by the Committee for Oregon, Washington, and Idaho will be for the purpose of pursuing research that will address this very critical problem.

TCK smut.—The Committee has reduced the special research grant for TCK smut by $150,000 in order to provide funding for dark-end syndrome. As a result, $193,000 remains available for research in this area.

Rural development centers.—Rural development centers contribute to regional research in two ways: (1) they undertake coordination of regional research requiring both a critical mass and a diversity of research skills not found at any single institution; and (2) they initiate research through seed grants to support new projects at their formative stage until they are eligible for other funding. Consistent with the Committee's desire to support the Federal contribution to the encouragement of regional rural development, the Committee recommends restoration of $363,000 to maintain the four rural development centers. This is the same as the adjusted level available last year and that level provided in the House bill. The Committee expects the Department to ensure coordination of the research and extension functions of the centers.

Tropical/subtropical research.—For tropical/subtropical research, the Committee recommends an appropriation of $3,091,000. This is the same as the adjusted amount provided in fiscal year 1986. The Committee concurs with the current mechanism for solicitation, recommendations, and distribution of funds through the Caribbean Basin and Pacific Basin Advisory Groups whose members are primary participants in each basin as long as the director-at-large (southern director-at-large for the CBAG and western director-at-large for PBAG) is a full member of the advisory group representing all other institutions or organizations that would contribute significantly to the goals identified by PBAG and CBAG.

Critical Agricultural Materials Act (Polymers).—The Committee recommends $14,668,000 for activities authorized by the Critical Agricultural Materials Act. Included in this recommendation is $668,000 for research on guayule and $14,000,000 for construction of facilities to further the implementation of research at the Polymer Institute at the University of Southern Mississippi. This appropriation is $13,525,000 more than the House allowance. The Committee also added language allowing these construction funds to remain available until expended.

Research Facilities Act (sec. 1411).—The Committee recommends an appropriation of $2,000,000 for startup construction costs for the Food-Human Nutrition Center at Washington State University. The Center will provide invaluable research in the areas of animal and plant biotechnology, food quality, food marketing, and food processing. It will also house the Western Wheat Quality Laboratory presently located in Pullman. The State of Washington is committed to provide matching funds for this project. The Committee also added bill language to allow these construction funds to remain available until expended.

Higher education.—The Committee believes the Graduate Fellowship Program initiated in fiscal year 1984 must be continued to provide additional scientists to maintain our Nation's capacity to conduct and disseminate basic research in the food and agriculture sciences. It has, therefore, restored the fellowship program to a $3,000,000 level.

These fellowships are generally utilized for students who are enrolled in a 3-year graduate program. Uncertainty concerning funding from year to year has been disruptive to the program, as these students have attempted to plan the financing of their education. With fiscal year 1986 funds being available for the third year of the original fellowships, fiscal year 1987 is an appropriate year to adjust the procedures used to award these grants. Funds provided for this program in this and future appropriations acts are to be administered in such a way that students receiving the fellowships can be assured of adequate and consistent funding for the life of the fellowship agreement. Funds for each fellowship, regardless of its term, should be obligated the first year of that student's program.

Furthermore, the Committee has included an amendment which will allow these funds to remain available until expended. This is necessary because grants which are not programmed in a given fiscal year, for whatever reason, are now returned to the Treasury. This amendment will allow institutions to award the fellowships as soon as qualified students can be recruited and enrolled, even if that action requires that funds be carried over into a subsequent fiscal year.

The Committee recommendation also includes $1,988,000 for strengthening grants for the 1890 Colleges and Tuskegee University. This is the same as the budget estimate and $86,000 more than the House allowance.

In addition, the Committee concurs with the House in rejecting the budget proposal that would repeal the Morrill-Nelson Act permanent appropriation, which provides historic support to the States for higher education.

Because the higher education leadership and coordination functions of the Department have been transferred from ARS to CSRS, the Committee has likewise transferred the bill language reflecting this change.

Other research items.—The Committee does not concur with the House allowance of $33,000 for dairy and beef photoperiod; $92,000 for blueberry shoestring virus; $93,000 for beet and bean research; $95,000 for asparagus yield decline; $357,000 for the Agriculture Policy Institute; and $300,000 for prime farm land reclamation. Increases have not been approved for preservation and processing research nor for aquaculture research in Hawaii.

Federal administration.—The Committee concurs with the House allowance of $2,630,000 for Federal administration. This is $1,087,000 more than the adjusted amount provided in 1986 and $2,480,000 more than the budget request.

The Committee's recommendation includes $1,736,000 to continue the Gulf Coast shrimp aquaculture research project and $750,000 for a grant to Mississippi Valley State University for curriculum development and strengthening.

The Committee has inserted bill language regarding the higher education work of USDA. The administration of higher education activities for the Department was transferred from ARS to CSRS.

EXTENSION SERVICE

	Appropriation	Transfer from Food Stamp Program	Total
1986 appropriation[1]	$290,998,000	($36,967,000)	($327,965,000)
1987 budget estimate	140,000,000		(140,000,000)
House allowance	289,317,000	(38,627,000)	(327,944,000)
Committee recommendation	328,341,000		(328,341,000)

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Extension Service is the educational arm of the U.S. Department of Agriculture. Through its partnership with land grant colleges and universities it uses a nationwide educational delivery system to extend knowledge into virtually every county in the United States and its territories. This education is off campus and informal, and is recognized internationally as the most successful education system of this type ever developed.

The extension partnership includes both the land grant universities that have been established in every State as a result of the Morrill Act of 1862, as well as the primarily black land grant institutions that were established in 16 States by the Second Morrill Act of 1890. Additional institutions that are members of the national extension system include colleges and universities having similar goals and missions in the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, Micronesia, plus Tuskegee Institute in Alabama. All of these institutions operate active extension programs that form the national extension system.

The primary function of the nationwide system of cooperative extension work is out-of-school applied education in agriculture, home economics, community development, 4–H youth programs, and related subjects. This educational work takes research results, technological advancements, and program facts of the Department of Agriculture, the State agricultural colleges and experiment stations, and incorporates them into a program for action. The Extension Service interprets, disseminates, and encourages practical use of knowledge. It transmits information from researchers to individuals and institutions that are able to utilize and apply the research.

COMMITTEE RECOMMENDATIONS

The following table summarizes Committee action on the Extension Service:

EXTENSION SERVICE

[In thousands of dollars]

	Fiscal year 1986 appropriation	Fiscal year 1987 budget	House bill	Committee recommendation
Smith-Lever 3(b) and 3(c)	229,713	127,547	229,713	229.713
1890's	16.877	7,204	16,877	16.877
Smith-Lever 3(d):				
Pest management	7,164		7,164	7,164
Pesticide impact assessment	1.633		1,633	1.633
Farm safety	970		970	500
Urban gardening	3,329		3,329	2.000
Food and nutrition education [EFNEP]	20.668		19,008	57.635
(Transfer from Food Stamp Program)	(36.967)		(38,627)	
Farm financial management and counseling	1,427		1,427	3,277
Integrated reproduction management (Nebraska)	47		47	
Rural development centers	689		689	689
Renewable Resources Extension Act	2.378			2,378
Section 1440 pilot projects			1,500	
Payments to District of Columbia (other)	935	399	935	935
Federal administration and special grants	5.168	4,850	6,025	5.540
Total, Extension Service	327,965	140,000	327,944	328.341

The Committee has provided a total of $229,713,000 for payments under the Smith-Lever Act, sections 3 (b) and (c). This is the same as the 1986 adjusted level, $102,166,000 more than the budget request, and the same as the amount provided by the House. Funding for the 1890 colleges and Tuskegee University is included at $16,877,000, the same as the amount provided by the House and the 1986 adjusted appropriation, and $9,673,000 more than the budget estimate.

Section 3(d) programs.—To restore certain section 3(d) programs to last year's level, the Committee recommends $7,164,000 for pest management, and $1,633,000 for pesticide impact assessment.

For farm safety, the Committee provides $500,000. This is $470,000 less than the 1986 adjusted level and the amount provided by the House, and $500,000 more than the budget request.

The Committee does not concur with the House in providing $47,000 to disseminate information developed under the integrated reproduction management program in Nebraska.

Urban gardening.—The Committee recommends $2,000,000 for the Urban Gardening Program. This is $1,329,000 less than the House provided and $2,000,000 more than the budget request. With the current budget constraints, the Committee believes priority should be given to more farm- and rural-related programs.

EFNEP.—For the Expanded Food and Nutrition Education Program [EFNEP], the Committee recommends an appropriation of $57,635,000, the same as the adjusted amount provided in 1986. This is $57,635,000 more than the budget request. The House also provided a level of $57,635,000; however, it recommended a transfer of $38,627,000 from the Food Stamp Program. The Committee does not concur with this action. Providing a transfer from the Food Stamp Program for EFNEP only increases the possible requirement for supplemental funding for that program. It does not decrease Federal spending.

EFNEP plays a vital role in providing nutrition advice to low-income families. The Committee believes that more should be done under EFNEP to assure that all eligible individuals are made aware of the various Federal nutrition programs, eligibility requirements, and program benefits. The Committee will expect additional emphasis to be placed in this area in the fiscal year 1987 program and will expect a report on what action is taken to implement this directive.

Financial management and counseling.—A special farm financial management and counseling initiative of $1,000,000 was begun in fiscal year 1985. The Committee believes this effort must be maintained and expanded to help agricultural producers cope with the difficult economic climate. It has, therefore, recommended $3,277,000 for this program. This is $1,850,000 more than the House allowance, and $3,277,000 more than the budget estimate.

The Committee is aware of several proposals to establish programs or pilot projects for educational and counseling programs for farmers who have been adversely affected by the current farm and rural economic crisis and those displaced from farming. Section 1440 of the Food Security Act of 1985 provided authority for Federal funding of such programs. Since the Committee provides an increase in the financial management and counseling program, it has not earmarked funds for each proposal. The Committee believes the Extension Service can best coordinate these activities with State and local programs. The Committee has included an amendment which would allow the funds under this program to be used for the purposes specified in section 1440.

Renewable resources.—The Committee continues to be very concerned about the Nation's forestry resources, especially in regard to the need to develop these resources in order to meet increasing demands for wood products. Consequently, the Committee recommends an appropriation of $2,378,000 for activities carried out under the Renewable Resources Extension Act. This is the same as the adjusted amount available in 1986 and $2,378,000 more than the budget request and the House allowance.

Rural development centers.—Because of declining farm income and the necessity for farmers and ranchers to have access to off-farm employment opportunities, it is essential that innovative private local development be encouraged. Due to the tremendous range of economic conditions and opportunities that exist in the United States, the Committee believes that the possibilities to be explored should be studied on a regional basis, rather than a national basis. Some of the most effective rural development projects have been those catered to the unique needs and environment of a particular area. Rural development centers are designed to consolidate scarce resources into effective and efficient programs. Through the centers, States with mutual concerns pertaining to rural development have an ability to assemble shared resources to develop mutual solutions to their problems.

For these reasons, the Committee recommends $689,000 to maintain the four centers. This is the same as the 1986 adjusted level and the House allowance. The administration recommended the termination of these centers.

Federal administration.—For Federal administration, the Committee provides a total of $5,540,000. Included in this total is the restoration of $333,000 to maintain the pilot technology transfer programs in Oklahoma and Mississippi. The budget had proposed to terminate funding for these pilot projects. Also included in this account is $357,000 to restore the two grants which were previously funded under the Office of the Under Secretary for Small Community and Rural Development.

The Committee recognizes the great importance of the Chesapeake Bay Cleanup Program and urges the Extension Service to concentrate additional support and manpower to work toward a cleaner bay.

In addition, the Committee will expect the Extension Service to provide support to the guarding dog program which is associated with the Animal Damage Control Program, administered by the Animal and Plant Health Inspection Service.

The Committee believes that the use of voluntary mediators often provides a crucial element in the negotiations between farmers and lenders which allows some farmers to preserve their farms. The Committee urges the Department to provide funds for the training of volunteer mediators so that this option will be more widely available to farmers and their creditors.

Within the Federal administration funds provided for the Extension Service, the Committee agrees with the House allowance of $500,000 for ATTRA, a rural technology transfer program developed by the National Center for Appropriate Technology to be located at the Agricenter International in Memphis, TN.

District of Columbia.—For the extension programs in the District of Columbia, the Committee recommends an appropriation of $935,000, the same as the amount available for fiscal year 1986 and the amount provided by the House and $536,000 more than the budget estimate.

Agricultural weather.—Forecasting of weather, issuance of forecasts, advisories, and warnings, and the observation, collection, processing, and communication of weather data have been responsibilities of the Federal Government since the establishment of the U.S. Weather Bureau on October 1, 1890.

Agricultural production consists of using soil and weather resources to produce food and fiber. Since weather movement and development extends beyond geographic and political boundaries, it is clearly in the Nation's interest to insure that farmers receive and have access to appropriate, accurate and timely weather information. Since the operation of weather service is a Federal responsibility, the provision for agricultural weather information is and shall remain a Federal responsibility.

The collection and summarization of basic observations and the issuing of guidance materials and forecasts for agriculture is a logical responsibility for the National Weather Service. The education and extension activities concerning the on-farm use of weather information and forecasts will be developed by the cooperative Extension Service. The Committee directs the Extension Service to continue its cooperative efforts with the National Weather Service in order to develop an effective national program.

Dairy technologies.—The Committee is concerned about the impact that emerging technologies such as bovine growth hormone will have on the structure of the dairy industry. The Committee, therefore, expects the Extension Service to give priority to ensuring that these technologies are available to small and mid-sized dairy farmers.

NATIONAL AGRICULTURAL LIBRARY

1986 appropriation[1]	$10,778,000
1987 budget estimate	11,421,000
House allowance	10,936,000
Committee recommendation	10,936,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The National Agricultural Library [NAL] had its mission outlined by the Organic Act of 1862, establishing the Department of Agriculture. The act sets forth a mission, "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture in the most comprehensive and general sense of the word," and placed upon the Secretary the responsibility to "procure and preserve all information concerning agriculture which he can obtain by means of books * * *."

The NAL disseminates useful information about agricultural and other related sciences to scientists and researchers, administrators and managers, farmers, and the general public. In addition to providing traditional library services such as bibliographies, reference services and document delivery to agricultural scientists and researchers, NAL is expanding its role and serving a wider audience by using modern information dissemination technology to its fullest. Traditionally, the library has concentrated its thrust toward the agricultural scientists and researchers. The wider audience includes Federal, State, and local administrators, as well as the farmer, the small businessman, public groups at all levels, and the general public.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Library, the Committee recommends an appropriation of $10,936,000. This is the same as the amount provided in the House bill, $485,000 less than the budget estimate, and $158,000 more than the 1986 adjusted level. The increase is provided to maintain information centers and the application of advanced technology.

Office of the Assistant Secretary for Marketing and Inspection Services

1986 appropriation [1]	$327,000
1987 budget estimate [2]	355,000
House allowance	327,000
Committee recommendation	327,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Marketing and Inspection Services provides direction and coordination in carrying out laws enacted by the Congress with respect to the Department's marketing, inspection, and standardization related to grain; competitive marketing practices of livestock, meat and poultry, meat and poultry products, marketing orders, and various programs; veterinary services; and plant protection and quarantine. This Office has oversight and management responsibilities for the Animal and Plant Health Inspection Service, Agricultural Marketing Service, Agricultural Cooperative Service, Food Safety and Inspection Service, Federal Grain Inspection Service, Packers and Stockyards Administration, and Office of Transportation.

COMMITTEE RECOMMENDATION

For the Office of the Assistant Secretary for Marketing and Inspection Services, the Committee recommends an appropriation of $327,000, the same as the fiscal year 1986 adjusted amount and the amount provided by the House. This amount is $28,000 less than the budget request.

Animal and Plant Health Inspection Service

SALARIES AND EXPENSES

1986 appropriation [1] [2]	$300,684,000
1987 budget estimate	253,156,000
House allowance	296,229,000
Committee recommendation	302,407,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] Excludes $16,100,000 transferred from the Commodity Credit Corporation for citrus canker and avian influenza (Public Law 99-349).

The Animal and Plant Health Inspection Service conducts programs to protect the animal and plant resources of the Nation from destructive pests and diseases. Two major areas of activity are discussed below.

1. *Animal and plant disease and pest control.*—Survey, diagnostic, and quarantine activities are carried out to locate, control, eradicate, or prevent the introduction of animal and plant diseases and pests. Control and eradication programs are conducted to combat new and endemic infestations and infections. The APHIS also participates in inspection, survey, and control activities in foreign countries to reinforce its domestic activities.

2. *Animal damage control.*—The Agency carries out a cooperative program to reduce agricultural losses caused by predatory animals,

birds, and rodents; conducts control operations for target species on Federal, State, and private lands; provides technical assistance to other cooperators such as States, counties, or farmer or rancher groups; conducts basic and applied research aimed at reducing economic damage from vertebrate animals.

3. Other regulatory activities.—The Agency performs other regulatory activities including the development of standards for and the licensing and testing of veterinary biologicals to insure their safety and effectiveness; the inspection of certain establishments which handle animals intended for research, exhibition, and pet purposes, as defined by law, to insure their humane treatment, and the regulation of the import and export of endangered plant species.

COMMITTEE RECOMMENDATIONS

The following table summarizes the Committee's recommendations for the Animal and Plant Health Inspection Service:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

[In thousands of dollars]

	Fiscal year 1986 appropriation [1]	Fiscal year 1987 revised budget	House bill	Committee recommendation
Plant disease and pest control:				
Agricultural quarantine inspection	52,209	54,367	54,209	52,209
International programs	2,033	2,118	2,033	2,033
Pest detection	3,781	3,938	3,781	3,781
Plant protection programs:				
Biocontrol	3,146	3,276	3,146	3,146
Boll weevil	2,906	652	2,906	2,906
Golden nematode	957	897	957	897
Grasshopper and Mormon cricket	17,122	956	1,736	1,736
Contingency reserve			5,000	5,000
Gypsy moth	4,921	5,125	5,125	5,125
Imported fire ant	5,526		5,526	5,526
Mediterranean fruit fly	8,174	8,512	8,512	8,512
Mexican fruit fly	1,452	1,512	1,452	1,452
Miscellaneous plant pests	1,086	1,131	1,086	1,086
Noxious weeds	750		750	750
Pink bollworm	2,275	1,035	2,275	2,275
Witchweed	4,493		4,493	4,493
Citrus canker (transfer from CCC)	(11,100)			
Citrus canker				5,000
Total, plant disease and pest control	110,831	83,519	102,987	105,927
Animal disease and pest control:				
Import-export inspection	8,111	8,446	8,111	8,111
International programs	1,935	2,015	1,935	1,935
Veterinary biologics	8,267	8,610	8,267	8,267
Veterinary diagnostics	10,492	10,927	10,492	10,492
Animal damage control	19,025	10,000	21,227	21,465
Animal health programs:				
Animal welfare	4,628		5,878	5,878
Brucellosis	66,733	63,000	66,733	66,733

See footnote at end of table.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1986 appropriation [1]	Fiscal year 1987 revised budget	House bill	Committee recommendation
Animal health programs—Continued				
Cattle ticks	5,933	6,179	5,933	5,933
Animal disease detection	2,914	3,035	2,914	2,914
Animal health compliance and enforcement	13,307	13,858	13,807	13,307
Foot-and-mouth disease (Darien Gap)	2,127	2,215	2,127	2,127
Miscellaneous animal diseases	1,918	1,997	1,918	1,918
National poultry improvement plan	209	217	209	209
Poultry diseases	605	630	605	605
Avian influenza				5,000
Pseudorabies	2,209		1,500	
Screwworm	31,589	28,396	31,589	31,589
Swine health protection	3,097	3,225	3,097	3,097
Tuberculosis eradication	3,749	3,905	3,749	3,749
Horse protection	151		151	151
Avian influenza (transfer from CCC)	(5,000)			
Total, animal disease and pest control	189,999	166,655	190,242	193,480
Contingencies:				
Plant disease and pest control	1,427	1,491	1,500	1,500
Animal disease and pest control	1,427	1,491	1,500	1,500
Total, contingencies	2,854	2,982	3,000	3,000
Total, salaries and expenses	300,684	253,156	296,229	302,407

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

For the salaries and expenses of the Animal and Plant Health Inspection Service for fiscal year 1987, the Committee recommends an appropriation of $302,407,000. This is $6,178,000 more than the House allowance, $49,251,000 more than the budget estimate, and $1,723,000 more than the adjusted level for fiscal year 1986.

Boll weevil eradication.—The Committee recommends $2,906,000, the same as the House allowance, and the adjusted amount available in 1986. This is $2,254,000 more than the budget request. This funding level will complete the boll weevil eradication program in North and South Carolina, and will continue the control activities in the Texas High Plains and eradication activities in California and Arizona. Local interests in those States provide at least 70 percent of the cost of the program.

No funding has been included for an eradication in Georgia, Florida, and Alabama. The Committee understands that in order for the Southeast eradication program to be most effective, all three States must agree to participate. Participation must be predicated by grower referenda in each State to allow assessments for the growers' contribution to the cost of the program. When the appropriate referenda have been approved in all three States, the Committee will look favorably on appropriating the Federal contribution to the program.

The Committee notes that the Economic Research Service has evaluated the economic impacts of the boll weevil eradication program conducted on 40,000 acres of cotton in North Carolina. Cotton insect control expenditures dropped from an average of $51 to $17 per acre. Overall, the boll weevil eradication program increased profits for cotton growers.

Noxious weeds.—The Committee recommends $750,000 for noxious weeds. This is an increase of $750,000 over the budget request, but is the same as the 1986 adjusted amount and the amount recommended by the House for 1987.

The Committee continues to support the research efforts of the University of Florida in conjunction with the Animal and Plant Health Inspection Service on the management of hydrilla and other aquatic weeds. The Committee believes that biological control research utilizing herbivorous fish for control of these weeds is promising and expects the Animal and Plant Health Inspection Service to continue to support the University of Florida in this research.

Brucellosis eradication.—For brucellosis eradication, the Committee recommends a program level of $66,733,000, the same as the 1986 adjusted level and the amount provided by the House. This level is $3,733,000 more than the budget request. The Committee notes that the incidence of brucellosis has decreased to .26 percent and that there are currently 25 States (excluding the District of Columbia and including Puerto Rico and the Virgin Islands) free of the disease and 18 class A States. The Committee expects that progress to continue and that the Department will meet its goal of having all States achieve class A status or better by fiscal year 1990. The funding level provided is sufficient for that effort.

The Committee recognizes the importance of calfhood vaccination in reducing losses and expects the Department to facilitate the use of calfhood vaccination where appropriate to aid in achieving program objectives.

Animal damage control.—The Committee is pleased with the orderly transfer of the Animal Damage Control [ADC] Program from the Fish and Wildlife Service of the Department of the Interior to the Department of Agriculture. The Committee is now aware that the $19,025,000 appropriated for ADC in fiscal year 1986 did not cover certain administrative funds which had been included under other Fish and Wildlife Service accounts. A transfer was necessary during the year to maintain the program at the intended level. The Committee recommends $21,465,000, $2,440,000 more than the 1986 adjusted level, in order to maintain the current program, including the blackbird pilot project. An increase has been provided for rat control in Hawaii, as well as an increase of $100,000 for taste aversion research.

The Committee is aware of the progress that has been made on blackbird depredation and directs the Department to continue its research for developing environmentally acceptable toxicants or other population managing devices to assist in minimizing the economic loss and nuisance created by blackbirds.

The Committee has become aware of problems in North Dakota due to waterfowl depredation and requests the Department to study this situation in that State and report to the Committee on its recommendations for dealing with the problem by July 1, 1987.

The Committee also expects the Department to continue the research presently underway on the nonlethal predator control program in California, Nevada, and Arizona, at least at the current level, and also urges APHIS to make available $45,000 for the Minnesota livestock guarding dog program. In addition, the Committee supports the expansion of the guarding dog program in Idaho and Oregon and expects APHIS to take advantage of the existing and ongoing research efforts and to use available funds for procurement of dogs, travel expenses, and to cooperate with the Extension Service, where needed.

The Committee is also aware of the Department's grackle control work and expects it to be continued to every extent possible.

Golden nematode.—The Committee recommends $897,000 for golden nematode, the same as the budget estimate. This is $60,000 less than the adjusted amount available in 1986 and the amount provided in the House bill. The recommended level will allow APHIS to continue to participate in survey, regulatory, and method development activities to combat golden nematode.

Grasshopper and Mormon cricket.—The Committee recommends an appropriation of $1,736,000 for the grasshopper and Mormon cricket programs. This is the same as the House allowance and the 1986 adjusted level, and $780,000 more than the budget request. The Committee further recommends an additional $5,000,000 to be placed in an APHIS contingency fund for the control and suppression of grasshoppers and mormon crickets in fiscal year 1987, such funds to remain available until expended.

Rangeland grasshoppers remain a problem in Western States. APHIS has developed a 5-year integrated management research project which would refine outbreak control and develop new technologies to contain and control grasshopper outbreaks. The Committee directs that up to $3,000,000 of funds remaining in the Contingency Fund for grasshopper control be used to begin this program in fiscal year 1987, with the expectation of continued funding in the following years. The Committee expects APHIS to work in conjunction with the Agricultural Research Service, the Bureau of Land Management, the Forest Service, the Economic Research Service, and the Environmental Protection Agency on this project.

Grasshoppers have become a significant threat to agriculture in the Tanana Valley in Alaska. The Committee directs APHIS to assist the State of Alaska in responding to this grasshopper infestation. The Committee expects this assistance to include participation in control costs, as well as providing technical assistance.

Screwworm.—For the joint Mexico-United States Screwworm Eradication Program, the Committee recommends $31,589,000, the same as the amount in the House bill, and $3,193,000 more than the budget request.

The recommended funding level will be sufficient to assist the Department in including the Yucatan Peninsula and adjacent areas of Guatemala and Belize in the eradication effort. The Committee will expect the Department to continue its efforts to move the barrier zone to Mexico's southern boundaries as this will reduce the probability of reinfestation of the United States and northern Mexico.

Agricultural quarantine inspection and import-export inspection of animals.—For agricultural quarantine inspection, the Committee recommends an appropriation of $52,209,000, the same as the adjusted amount available in 1986. This is $2,158,000 less than the budget estimate and $2,000,000 less than the House allowance.

For import-export inspection of animals, the Committee recommends $8,111,000. This is the same as the amount provided by the House and the adjusted amount available in 1986, and $335,000 less than the budget estimate.

Mediterranean fruit fly.—Eradication of the Medfly from Central America will have significant economic benefits for the entire region, including the Caribbean Basin, the United States, and other noninfested countries. The Committee is aware of efforts by the Department of Agriculture, the Caribbean Basin Initiative [CBI] task force, the Food and Agriculture Organization of the United Nations [FAO], and others to move forward with a Medfly eradication cooperative project. Given the present budget constraints, however, the Committee is not able to recommend additional funds for this program at this time. It does, however, support the cooperative project and will expect the Department to continue to work toward the goals of the program.

Animal health compliance and enforcement.—The Committee recommends $13,307,000 for animal health compliance and enforcement. This is the same as the 1986 adjusted level, $551,000 less than the budget estimate, and $500,000 less than the amount provided by the House.

Avian influenza.—The Committee continues to be very concerned about the avian influenza outbreak and its potential for losses to our poultry producers and, therefore, recommends an appropriation of $5,000,000 for the avian influenza program. This is $5,000,000 more than the budget request and the House allowance. Up to $5,000,000 from the Commodity Credit Corporation was available in 1986.

The Committee stresses the need for streamlined procedures in responding to animal and plant health emergencies, and urges the Secretary, in consultation with the Office of Management and Budget, to develop a proposal for improvement of emergency program funding procedures which might include the establishment of a permanent contingency fund.

Pseudorabies.—Given fiscal constraints and the fact that APHIS will complete the pseudorabies pilot projects in fiscal year 1986, the Committee recommends no funding for the pseudorabies program in fiscal year 1987. This is the same as the budget request, $2,209,000 less than the adjusted 1986 level and $1,500,000 less than the amount provided by the House.

Animal Welfare Act.—For enforcement of the Animal Welfare Act, the Committee concurs with the House in providing $5,878,000, an increase of $5,878,000 over the budget request. This is also $1,902,000 more than the 1986 adjusted level. Included in this appropriation is $750,000 for creation of an information service at the National Agricultural Library which will include information on available alternatives to the use of live animals in research and information that will be helpful in avoiding duplication of research. The remainder of the increase is for the general expansion of the program.

Citrus canker.—The Committee recommends $5,000,000 for continuation of the citrus canker eradication program now underway in Florida. Recent detection of asiatic or A-strain citrus canker on residential properties on Anna Maria Island and in St. Petersburg, as well as in a large commercial citrus grove at Palmetto in Manatee County, have placed additional demands on Florida's already strained resources in the effort, now entering its third year, to rid the State of the canker problem. The new detections have significantly increased program cost estimates, as well as increased the likelihood of additional spread. In the President's fiscal year 1987 budget, it had been estimated that 1 million citrus plants would need to be destroyed in fiscal year 1987. Revised estimates prepared by the Animal and Plant Health Inspection Service estimate that 13,125,000 plants will need to be destroyed in fiscal year 1987. Additionally, the State is currently following a conservative policy with regard to residential plant and tree destruction, destroying only those trees with visible signs of canker and defoliating on a somewhat limited scale due to the wish to avoid the legal repercussions of a more aggressive approach. The Committee will expect that the additional $5,000,000 will be matched by the State of Florida in a joint effort to eliminate and control the spread of this plant disease.

Frozen cattle embryos.—The Committee urges the Department to expedite its ongoing research in the areas of frozen cattle embryos in order to determine if foot and mouth disease can be transmitted to frozen embryos.

Endangered Species Act.—The Committee is very concerned by reports of the lack of enforcement by the Department of control over imports and exports of plants species listed pursuant to the Endangered Species Act or the Convention on International Trade and Endangered Species of wild fauna and flora [CITES]. Despite the reports of numerous violations, enforcement efforts by APHIS have resulted in the prosecution of only one alleged violator.

Therefore, the Committee directs APHIS to improve its enforcement program for CITES and Endangered Species Act by utilizing and training criminal investigators and placing them at the ports of entry into the United States where the most serious violations exist. The Committee requests APHIS to submit a report detailing its enforcement program by July 1, 1987, including, among other things, the number of criminal investigators hired, the number of violations reported, investigated, and prosecuted, and the number of shipments, both import and export, seized.

Contingencies.—The Committee recommends $1,500,000 for plant disease and pest control contingencies and $1,500,000 for animal disease and pest control contingencies, for a total of $3,000,000. This total is the same as the amount in the House bill, $146,000 more than the adjusted amount available in 1986, and $18,000 more than the budget request.

BUILDINGS AND FACILITIES

1986 appropriation [1]	$4,054,000
1987 budget estimate	2,347,000
House allowance	2,246,000
Committee recommendation	2,246,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

COMMITTEE RECOMMENDATIONS

For buildings and facilities of the Animal and Plant Health Inspection Service for 1987, the Committee recommends an appropriation of $2,246,000. This is $101,000 less than the budget estimate and $1,808,000 less than the adjusted amount provided in 1986, and the same as the House allowance. This level will provide for recurring construction, alterations, and repairs of existing APHIS facilities.

The Committee concurs with the bill language regarding the acquisition of land, and will expect APHIS to obtain prior approval from appropriate congressional committees before exercising this authority.

FOOD SAFETY AND INSPECTION SERVICE

1986 appropriation [1] [2]	$355,911,000
1987 budget estimate	365,841,000
House allowance	361,400,000
Committee recommendation	361,400,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Includes $3,700,000 provided in Public Law 99–349.

The Food Safety and Inspection Service was established on June 17, 1981, by Secretary's Memorandum No. 1000–1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201).

The major objective of the Food Safety and Inspection Service is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act.

The Meat and Poultry Inspection Program of the Food Safety and Inspection Service provides in-plant inspection of all domestic plants preparing meat or poultry products for sale or distribution in commerce; reviews foreign inspection systems and establishments that prepare meat or poultry products for export to the United States and inspects imported products at ports of entry; and provides technical and financial assistance to States which maintain meat and poultry inspection programs equal to that of the Federal Inspection Program.

COMMITTEE RECOMMENDATIONS

For the Food Safety and Inspection Service for fiscal year 1987, the Committee recommends an appropriation of $361,400,000. This is $5,489,000 more than the adjusted amount provided in 1986, $4,441,000 less than the budget estimate, and the same as the amount provided in the House bill. The additional funds are provided for increased costs, employee training, and to maintain inspection effectiveness.

FEDERAL GRAIN INSPECTION SERVICE

SALARIES AND EXPENSES

1986 appropriation[1]	$6,697,000
1987 budget estimate	6,979,000
House allowance	6,697,000
Committee recommendation	6,697,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Federal Grain Inspection Service was established on November 20, 1976, pursuant to the U.S. Grain Standards Act, as amended (Public Law 94–582). The act was amended again in 1977, to provide an advisory committee, technical amendments, and appropriation funding for field supervision, and in 1980, to eliminate most mandatory inbound weighing at export port locations. The act was amended again under the Omnibus Budget Reconciliation Act of 1981. The act now requires user fee funding to support supervision and administration of the inspection and weighing programs, areas previously covered by appropriations. The Service carries out grain inspection and weighing programs under the U.S. Grain Standards Act and other programs under the authority of the Agricultural Marketing Act of 1946, as amended. The programs under the Agricultural Marketing Act of 1946 include the inspection and grading of rice, dry beans, peas, lentils, processed grain products, hay, straw, hops, and other agricultural commodities as were assigned to the agency by the Secretary of Agriculture under the authority of the Reorganization Plan No. 2 of 1953.

The Federal Grain Inspection Service provides for the establishment of official U.S. standards for grain, and ensures the uniform application of the standards through a series of official inspection, weighing, weight certification, and supervision programs. Through these permissive and mandatory programs, the Service aids in advancing orderly and efficient marketing and effective distribution of U.S. grain and other assigned commodities from the Nation's farms to domestic and foreign buyers.

The amended U.S. Grain Standards Act requires the Service to provide Federal or delegated State original inspection and weighing services at export ports and Federal supervision at all locations. The Supervision Program includes supervision at export ports by Federal inspectors and weighers, and licensed inspectors and weighers employed by eight delegated State agencies. The agency supervises licensed inspection and weighing personnel employed by 81 designated State and private agencies performing nonexport services at interior locations. The inspection and weighing programs utilize Federal and delegated State personnel for the mandatory inspection and weighing of outbound grain at export ports, and for the permissive inspection and weighing of inbound grain at export ports. Federal personnel also carry out nationwide appeal inspections and the inspection of rice and other assigned commodities. The costs of nearly all field services and most headquarters activities are financed from fees charged for services performed. Compliance and standardization activities, and international monitoring are financed from appropriations.

COMMITTEE RECOMMENDATIONS

For the Federal Grain Inspection Service for fiscal year 1987, the Committee recommends an appropriation of $6,697,000. This is $282,000 less than the budget request, the same as the amount provided by the House allowance, and the same as the adjusted amount provided in 1986.

INSPECTION AND WEIGHING SERVICES

1986 appropriation [1]	$35,244,000
1987 budget estimate	36,829,000
House allowance	36,829,000
Committee recommendation	36,829,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Federal Grain Inspection Service provides an official grain inspection and weighing system under the U.S. Grain Standards Act [USGSA], and official inspection of rice and grain related products under the Agricultural Marketing Act [AMA] of 1946, as amended. The USGSA was amended in 1981 to require the collection of user fees to fund the costs associated with the operation, supervision, and administration of Federal grain inspection and weighing activities.

Federal inspection and weighing services under the USGSA are financed entirely by a user fee-supported revolving fund. Programs covered by the revolving fund include: original grain inspection and weighing at selected export ports; original inspection and weighing of U.S. grain exported through the interior and Canada; and Federal appeals of original grain inspections. FGIS personnel also provide for the inspection and grading of rice and other commodities.

In addition to supervising its own employees, FGIS monitors the inspection and weighing activities of employees of eight delegated States and certain designated State and private agencies performing weighing activities. FGIS personnel provide the technical and administrative support for the program.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of $36,829,000 on the obligation of funds collected through user fees for fiscal year 1987. The total limitation is $1,585,000 more than the adjusted amount available in 1986 and the same amount specified in the budget and in the House bill.

AGRICULTURAL COOPERATIVE SERVICE

1986 appropriation [1]	$4,469,000
1987 budget estimate	3,698,000
House allowance	4,469,000
Committee recommendation	4,469,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Agricultural Cooperative Service [ACS] is assigned functions under both the Cooperative Marketing Act of 1926 and functions that relate to the economic and marketing aspects of farmer cooperatives under the Agricultural Marketing Act of 1946. Under the Cooperative Marketing Act, ACS is authorized to: (1) acquire, analyze and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries; (2) conduct studies of the economic, legal, financial, social, and other phases of cooperation, including analyses of the organization, operation, financial, and merchandising problems of cooperative associations; (3) make surveys and analyses of the accounts and business practices of representative cooperative associations; (4) confer and advise with committees or groups of producers who want to form a cooperative association and to make an economic analysis of the facts relevant to setting up such an association; (5) promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge to others; and (6) make special studies to acquire and disseminate such information.

Under the Agricultural Marketing Act, ACS is authorized to carry out responsibilities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings. In addition, ACS is authorized to work with institutions and international organizations on subjects relating to cooperatives.

ACS serves as the focal point of national activity involving agricultural cooperatives. The purpose of ACS is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives.

The studies conducted by ACS, alone or in conjunction with other Federal or State institutions, are intended to provide farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity. In today's rapidly changing economic environment, ACS provides technical advice to assist farmer cooperatives in the development and operation of viable, profitable organizations serving the Nation's family farmers.

COMMITTEE RECOMMENDATIONS

For the Agricultural Cooperative Service for the fiscal year 1987, the Committee recommends an appropriation of $4,469,000. This is the same as the adjusted amount provided for fiscal year 1986, $771,000 more than the budget estimate, and the same as the House allowance. The recommended amount does not assume the enactment of proposed user fee legislation. In addition, the Committee concurs with the House bill language which earmarks $99,000 for a field office in Hawaii.

The Committee will continue to expect the Agricultural Cooperative Service to give priority to efforts to assist and encourage agricultural cooperatives in their effort to expand the international marketing of agricultural commodities.

In addition, the Committee directs ACS, within the funds provided, to conduct a study on what cooperatives need to do to remain viable businesses and increase returns to producer members. Emphasis should be upon appraising principles, practices, philosophy, and systems that strategically position cooperatives as effective instruments for their members. The agency shall report to the appropriate committees of Congress by October 1, 1987.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

1986 appropriation[1]	$30,468,000
1987 budget estimate	31,053,000
House allowance	30,945,000
Committee recommendation	30,945,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Agricultural Marketing Service [AMS], through its marketing and regulatory programs, promotes the orderly and efficient marketing and effective distribution of products from the Nation's farms. The need for AMS' services remains strong despite the fact that the users defray much of the costs of providing the services. Currently, about three-fourths of AMS funds are derived from user fees.

The individual activities that AMS is responsible for include a market news service; inspection, grading, and standardization services; market protection and promotion activities; wholesale market development; Federal-State Marketing Improvement Program; Perishable Agricultural Commodities Act; and strengthening markets, income, and supply (section 32). The AMS also provides program-related services for Federal, State, and private agencies on a reimbursable basis.

COMMITTEE RECOMMENDATIONS

For the Agricultural Marketing Service, Marketing Services, for fiscal year 1987, the Committee recommends an appropriation of $30,945,000. This is $477,000 more than the adjusted amount provided in 1986, $108,000 less than the budget estimate, and the same as the House allowance. The recommended amount restores funds to continue the activities of the Federal Seed Act and the Wholesale Market Development Program. It also provides the proposed increases for market news and inspection and standardization. Within the funds available, the Committee directs the AMS to assist the Horticultural Producers Federation, which has 14 marketing cooperatives in five States, in implementing a marketing program.

LIMITATION ON ADMINISTRATIVE EXPENSES

1986 appropriation	$27,253,000
1987 budget estimate	28,164,000
House allowance	28,164,000
Committee recommendation	28,164,000

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) initiated a system of user fees for the cost of grading and classing tobacco, cotton, naval stores, and for warehouse examination. These activities, authorized under the U.S. Cotton Standards Act, the Tobacco Inspection Act, the Naval Stores Act, the U.S. Warehouse Act, and other provisions of law are designed to facilitate commerce and to protect participants in the industry.

COMMITTEE RECOMMENDATIONS

For fiscal year 1987, the Committee recommends a limitation on obligations from user fees for these activities of $28,164,000. This is $911,000 more than last year's level, and the same as the budget request and the House allowance.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

(BY TRANSFER)

1986 appropriation [1]	$5,936,000
1987 budget estimate	6,273,000
House allowance	6,773,000
Committee recommendation	7,147,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Under section 32 of the act of August 24, 1935 (7 U.S.C. 612c), an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances up to $300,000,000 are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce. Additional transfers to the child nutrition programs of the Food and Nutrition Service have been provided in recent appropriation acts. Those transfers are detailed in the Food and Nutrition Service portion of this report.

The balance of the section 32 program is administered by the Agricultural Marketing Service and consists of commodity purchases for the removal of surplus agricultural products and the subsequent donation of these products to domestic feeding programs; the administration of commodity contracting in the commodity purchase services activity; and the administration of marketing agreements and orders.

COMMITTEE RECOMMENDATIONS

The Committee recommends a program that will provide for an unobligated balance of approximately $224,000,000 at the end of fiscal year 1987. This is based on actual customs receipts for calendar year 1985.

The Committee recommends $7,147,000 for the formulation and administration of marketing agreements and orders. This is $874,000 more than the budget request, $374,000 more than the House allowance, and $1,211,000 more than the adjusted amount provided in 1986. The recommended increase is needed to carry out new responsibilities mandated in the 1985 Food Security Act (Public Law 99–198) and the Food Security Improvement Act (Public Law 99–260).

CONFIDENTIALITY OF CERTAIN MARKETING ORDER INFORMATION

Parties to marketing agreements and orders are required, on request of the Secretary of Agriculture, to furnish such information as the Secretary finds necessary in order to determine the extent to which the agreement or order has been carried out and to determine if there has been abuse of the privilege of antitrust exemptions. The information secured is required to be kept confidential by persons in the Department of Agriculture.

The Committee notes that the Food Security Act of 1985 (Public Law 99–198) reasserted the need to maintain such information in confidence. The Committee believes the following two statements represent the central theme of congressional intent on disposition of such information:

> The Committee recognizes the trust that parties subject to marketing orders have placed in the Secretary that information they provide will be kept strictly confidential and used only for purposes of administering the order. Disclosure has an adverse effect on members of the regulated industry. It dissuades people from cooperating and providing information to the Department. (House Report No. 99–271).
>
> It is the conferees' intent that information such as price data, acreage, production, specific sales data, identity of commodity suppliers specific to each handler, and similar types of information submitted by persons subject to marketing order programs would be kept confidential regardless of the authority utilized by the Secretary or his agents to collect it. (House Report No. 99–447).

Therefore, the Committee recommends an amendment which prohibits the Secretary of Agriculture from releasing information obtained pursuant to the Agricultural Marketing Agreement Act of 1937 and related legislation, except to the extent provided by this amendment and in a manner consistent with congressional intent and purpose.

PAYMENTS TO STATES AND POSSESSIONS

1986 appropriation[1]	$942,000
1987 budget estimate	
House allowance	942,000
Committee recommendation	942,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Federal-State Marketing Improvement Program is authorized by section 204(b) of the Agricultural Marketing Act of 1946, in which cooperative agreements are authorized between the U.S. Department of Agriculture and State Departments of Agriculture or similar State agencies. Beginning in fiscal year 1980, those projects funded were coordinated with the Wholesale Market Development Program. These agreements make possible joint Federal/State projects aimed at improving the efficiency of the agricultural marketing chain. The States contribute at least half of the cost of such projects. The work is performed either by State personnel or is contracted out to private industry.

Payments are made to State marketing agencies to assist in testing new marketing innovations to reduce the cost of marketing and seek means for providing more reliable market information, developing better quality commodity grading standards, and developing additional domestic and foreign market outlets. This program has covered such projects as: electronic marketing, telephone auction systems, maintaining and improving the quality of products, ways of reducing marketing costs, expanding outlets for products, collecting and disseminating special State and local market information and statistics, and improving the organizational structure of the marketing system. Current projects include the adaptation of the marketing of agricultural products to new technologies and increasing agricultural exports.

COMMITTEE RECOMMENDATIONS

For payments to States and possessions for fiscal year 1987, the Committee recommends $942,000. This is the same amount as provided in the House bill and the same as the amount provided in 1986. No appropriation was requested in the budget. The Committee feels that this program provides important resources necessary for developing innovative marketing techniques.

OFFICE OF TRANSPORTATION

1986 appropriation[1]	$2,340,000
1987 budget estimate	1,233,000
House allowance	2,340,000
Committee recommendation	1,233,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Office of Transportation is responsible for programs that will enhance and improve the transportation system in the agricultural and rural areas of the United States. The Office provides technical assistance to producers, producer groups and rural communities; provides technical information to carriers and shippers; conducts economic analysis and technical research and development in transportation; and coordinates transportation programs within USDA. In addition, the Office provides economic analyses to enable the Department of Agriculture to develop policy recommendations for addressing current or anticipated problems in domestic and international agricultural transportation. The Department is currently involved in the implementation and administration of the International Carriage of Perishable Foodstuffs Act of 1982.

COMMITTEE RECOMMENDATIONS

For the Office of Transportation [OT] for fiscal year 1987, the Committee recommends an appropriation of $1,233,000. This is $1,107,000 less than the adjusted amount provided in 1986 and the amount provided in the House bill, and the same as the budget estimate.

The Committee concurs with the proposal to eliminate the Office of Transportation by the end of fiscal year 1987. It appears that due to deregulation of the transportation industry, this Office will no longer find it necessary to participate in regulatory matters. However, the Committee expects that other important OT activities, such as research on specific transportation problems, analysis of proposed policy changes, and informational assistance to carriers and shippers essential to rural States, will be performed by other USDA agencies as part of their regular ongoing programs.

In this light, the Committee is concerned about the amount of funding that communities receive for construction and maintenance of roads in rural areas. Currently, it is reported that States retain nearly 97 percent of all Federal dollars for metropolitan area road systems—which represent only 25 percent of the existing system—while only 3 percent of the Federal dollars goes to jurisdictions with responsibility for construction and maintenance of the remaining 75 percent of the system—counties, towns, townships, and municipalities. Data to illustrate the correlation between contributions of nonmetropolitan jurisdictions through Federal taxes on gasoline, and the amount of money flowing back to these jurisdictions for construction and maintenance of their roads and bridges has not been generated. Therefore, within available funds, the Department is expected, in cooperation with the Departments of Treasury and Transportation where necessary, to conduct a study to provide such data. This study should include jurisdictions representing populations under 2,500 and should be submitted to the appropriate committees of Congress by June 1, 1987, and updated on an annual basis thereafter.

PACKERS AND STOCKYARDS ADMINISTRATION

1986 appropriation[1]	$8,820,000
1987 budget estimate	9,093,000
House allowance	8,945,000
Committee recommendation	8,945,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Packers and Stockyards Administration was reestablished by Secretary's Memorandum No. 1000-1, of June 17, 1981. The agency administers the Packers and Stockyards Act of 1921, as amended. The agency also has responsibility with respect to persons and firms subject to the Packers and Stockyards Act for the Truth-in-Lending Act, the Fair Credit Reporting Act, and Freedom of Information Act.

The principal purpose of the Packers and Stockyards Administration programs is to assure the integrity of the livestock, meat, and poultry markets and the market place. This includes fostering fair and open competition and guarding against deceptive and fraudulent practices which affect the movement and price of meat animals and the products therefrom. The work of the agency is also aimed at protecting consumers and members of the livestock, meat, and poultry industries against unfair business practices which can unduly affect meat and poultry distribution and prices.

COMMITTEE RECOMMENDATIONS

For the Packers and Stockyards Administration, the Committee recommends an appropriation of $8,945,000. This is $125,000 more than the 1986 adjusted amount, $148,000 less than the budget estimate, and the same as the amount provided in the House bill. The increase is to allow the Packers and Stockyards Administration to administer the clear title provision of the Food Security Act of 1985 (Public Law 99–198).

FARM INCOME STABILIZATION

OFFICE OF THE UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

1986 appropriation[1]	$473,000
1987 budget estimate[2]	513,000
House allowance	473,000
Committee recommendation	473,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of the Under Secretary for International Affairs and Commodity Programs provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's international affairs (except for foreign economics development) and commodity programs. The Office has oversight and management responsibilities for the Foreign Agricultural Service; Agricultural Stabilization and Conservation Service, including the Commodity Credit Corporation; and the Office of International Cooperation and Development.

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for International Affairs and Commodity Programs, the Committee recommends an appropriation of $473,000, the same as the fiscal year 1986 adjusted amount, the same as the House allowance, and $40,000 below the budget request.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

SALARIES AND EXPENSES

	Transfer from CCC
1986 appropriation[1] [2]	$455,237,000
1987 budget estimate	463,696,000
House allowance	449,403,000
Committee recommendation	521,138,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Includes $71,598,000 provided in Public Law 99–349.

The account "Salaries and expenses, Agricultural Stabilization and Conservation Service" funds the administrative expenses of program administration and other functions assigned to ASCS. The funds consist of transfers from the Commodity Credit Corporation [CCC] and miscellaneous advances from other sources. These transfers consolidate all administrative funds used by ASCS into one account, which provides clarity and better management and control of funds. The consolidation facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

Activities carried out under this program include program formulation and appraisal; operation of supply adjustment, conservation, and price support programs; inventory management and merchandising; and warehouse examination.

ASCS serves as the staff support activity for farm programs operated through the Commodity Credit Corporation.

COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Agricultural Stabilization and Conservation Service for fiscal year 1987, the Committee recommends that $521,138,000 be transferred from the Commodity Credit Corporation. This is $65,901,000 more than was provided in 1986, $57,442,000 more than the budget estimate, and $71,735,000 more than was provided in the House bill. This amount includes the restoration of funds for cotton warehouse examinations. The Committee recognizes this increase is necessary for the ASCS to carry out the activities mandated in the Food Security Act of 1985 (Public Law 99–198), primarily consisting of entitlement programs over which this Committee has no control.

The Committee has also added the appropriate citations in the bill to allow for administrative expenses of the Colorado River Basin Salinity Control Program to be funded.

Many questions arise concerning the types, volume, location, condition, storage costs, and estimated current market values of stocks of commodities held by the Commodity Credit Corporation. The Committee feels that the Department should compile a quarterly report containing such information, to the extent practicable, and that such report should be submitted to the appropriate committees of Congress.

CCC COTTON NONRECOURSE LOAN PROGRAM

Section 501 of the Food Security Act of 1985, Public Law 99–198, gives the Secretary of Agriculture authority to minimize Commodity Credit Corporation outlays and inventory by allowing eligible cotton producers to accept a loan deficiency payment in lieu of utilizing the nonrecourse loan program. The Committee believes, when properly administered, the loan deficiency payment provision will encourage producers to market some or all of their eligible cotton rather than place it under loan. The Committee recognizes when any quantity of eligible cotton is marketed rather than being placed under loan, CCC outlays are reduced. The Committee commends the Secretary for including this provision in the 1986 cotton program.

However, the Committee is concerned that the Department of Agriculture continues to improperly interpret congressional intent of this provision. The conclusion by the Department of Agriculture that there is no legislative history to suggest a congressional intent that producers be permitted to place some of their crop under loan and receive deficiency payments under this new authority on the remainder, has been voided by passage of H.R. 4515 (Public Law 99–349).

The Senate report (99–301) accompanying H.R. 4515 included a directive, subsequently agreed to by the conferees, which states:

> Congress intended the loan program to continue operating in the traditional manner, unrestricted, including allowing eligible producers to make marketing decisions on a bale-by-bale basis. Congress clearly did not intend for this option to limit a producer's flexibility or access to the loan program, but rather intended the authority to be used to encourage producers to market their cotton in an orderly manner whenever marketing opportunities were available.

Therefore, the Committee insists that the Department of Agriculture immediately adopt regulations implementing the upland cotton loan deficiency payment provision allowing use of this provision on a bale-by-bale basis.

DROUGHT DISASTER RELIEF

The Committee has included lanaguge in the bill urging the Secretary of Agriculture to implement a program of disaster payments to producers of wheat, feed grains, cotton, rice, soybeans, and peanuts who suffered drought-related losses exceeding 50 percent of the 1986 crop. Such payments would be made in the form of generic certificates redeemable from stocks held by the Commodity Credit Corporation, and payments to any individual producer would only provide the equivalent value of 50 percent of payments that producer would have received from nonrecourse loan and purchase activities on his crop had he had an average yield. The provision would further allow the producer to collect any indemnity payment under the crop insurance program, but the combined totals of actual harvest, disaster payment and insurance proceeds would not be allowed to exceed the amount he would have received from nonrecourse loan and purchase activities on an average yield. Finally, the Secretary would not be allowed to make total combined outlays for the disaster payments and the operation of the regular loan and purchase programs which would exceed the outlays he would have made under the loan and purchase activities on an average crop.

Even though the value of the commodity certificates which would be used to make the disaster payments would serve to reduce the levels of cash outlays which had earlier been contemplated as necessary to provide the price support activities for these crops contained in the Food Security Act of 1985 (Public Law 99-198), the Congressional Budget Office continues to score the payments as though they were in addition to, and not in lieu of, a portion of the costs of such price support activities. For this reason, the Committee adopted the language in nonmandatory resolution form in order that the bill could be reported to the Senate and placed on the calendar.

DAIRY INDEMNITY PROGRAM

1986 appropriation [1] [2]	$9,095,000
1987 budget estimate	
House allowance	95,000
Committee recommendation	95,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.
[2] Includes $9,000,000 provided in Public Law 99-349.

Under this program, the Department makes indemnification payments to dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer losses because they are directed to remove their milk from commercial markets due to contamination of their products by registered pesticides. The program also authorizes indemnity payments to dairy farmers for losses resulting from the removal of cows or dairy products from the market due to nuclear radiation or fallout. The authorization for this program was extended through September 30, 1990, by the Food Security Act of 1985 (Public Law 99-198).

COMMITTEE RECOMMENDATIONS

For the Dairy Indemnity Program for fiscal year 1987, the Committee recommends $95,000. This is the same as the amount provided in the House bill, and $9,000,000 less than the 1986 adjusted level. An emergency supplemental of $9,000,000 was provided in 1986 for payment to dairy farmers and milk processors in Arkansas, Missouri, and Oklahoma to indemnify them for milk products contaminated by the pesticide heptachlor. The administration requested no funds for this program for fiscal year 1987.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION

ADMINISTRATIVE AND OPERATING EXPENSES

1986 appropriation [1]	$209,468,000
1987 budget estimate	239,885,000
House allowance	209,568,000
Committee recommendation	209,568,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Federal Crop Insurance Corporation [FCIC], a wholly owned Government corporation, was created on February 16, 1938 (7 U.S.C. 1501–1520), to carry out the provisions of the Federal Crop Insurance Act. The purpose of the Corporation is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance.

The Federal Crop Insurance Corporation provides a cost-sharing insurance program for agricultural producers to protect their production investment against unavoidable risks. The crop insurance program constitutes a joint effort by the private insurance industry and the Government. The private insurance companies and agents are being utilized in the delivery of the program to the farmers.

The Federal Crop Insurance Program comprises the following major activities: (1) underwriting, actuarial, and program development which consists of the development of crop insurance programs and the establishment and maintenance of rates and coverages for crops in each county; (2) reinsured companies which covers the insurance companies' costs of insurance marketing, distribution, servicing, training, quality control, and loss adjustment functions. The companies also share with FCIC to a limited extent in both profits and losses; (3) agency sales and service agreements and loss adjustment contracts consist of what is commonly referred to as master marketing agreements and the loss adjustment contracts associated with direct insurance operations. Under this type of agreement, private insurance companies and associations are offered the opportunity to contract with FCIC to provide insurance sales and services. Also included are amounts necessary for the loss adjustment activities contracted by FCIC, which are associated with these contracts; (4) compliance consists of reviews of the activities of the reinsured companies to assure compliance and uniformity in loss adjustment procedures, training development, quality control methods utilized and, in general, all service operating facets of the crop insurance program; (5) program management and administrative support consists of the contract administration and marketing for the dual delivery system of crop insurance as well as administrative support in financial, management services, and personnel management for FCIC.

The various crop insurance programs are planned, developed, and monitored by the FCIC headquarters office located in Washington, DC, and its national operations office located in Kansas City, MO. The program is administered in the field through 18 field operations offices and

11 field actuarial offices. Selling and servicing at the county level is performed primarily by agents operating under agency sales and service agreements (master marketing agreements) and agents of reinsured companies. The adjustment of losses is performed primarily by adjusters and reinsured companies under contract with FCIC. Also, ASCS performs some support on a reimbursable basis for the Corporation.

COMMITTEE RECOMMENDATIONS

For administrative and operating expenses of the Federal Crop Insurance Corporation for fiscal year 1987, the Committee recommends an appropriation of $209,568,000. This is $100,000 more than the adjusted amount provided in 1986, $30,317,000 less than the budget estimate, and the same as the amount provided in the House bill.

FCIC FUND

1986 appropriation	$134,190,000
1987 budget estimate	135,743,000
House allowance	135,743,000
Committee recommendation	200,000,000

The Federal Crop Insurance Act of 1980, as amended, authorizes the payment of a Federal subsidy of up to 30 percent of the adjusted insurance premium paid by agricultural producers participating in the program. Subsidies will be paid by the Corporation based upon 30 percent of each producer's premium (reduced, where applicable, for hail and fire exclusion or State agency subsidy) on any coverage under the Corporation's policy of insurance of up to a maximum of 65 percent of the recorded or appraised producer's cost of insuring against loss, and encourages the broadest possible participation of agricultural producers in the program.

COMMITTEE RECOMMENDATIONS

For the FCIC fund, the Committee recommends an appropriation of $200,000,000 for fiscal year 1987. This is $64,257,000 more than the budget estimate and the amount provided in the House bill, and $65,810,000 more than the adjusted amount available in 1986. The amount provided includes $11,709,000 for interest expense reimbursement for funds borrowed by the Corporation in fiscal year 1985. The extreme weather conditions of 1985 and 1986 have resulted in a large cash drain on the Corporation's revolving fund. Therefore, the Committee has provided a general increase to cover heavy indemnity payments for 1986 crop year losses, as well as anticipated losses in 1987.

The Committee is concerned about the ability of the Federal Crop Insurance Corporation to pay claims in the Southeast, where there is the most devastating drought on record, and any losses that may occur throughout the country. While the Committee recommends an appropriation of $200,000,000 for the Federal Crop Insurance Fund, it is aware this may not be adequate. The Food Security Act of 1985 (Public Law 99–198) gives the FCIC unlimited authority to borrow from the

CCC. The Committee urges that this emergency authority be used without limitation if appropriated funds prove to be inadequate. Thus, the Committee has removed the House's bill language included under the CCC reimbursement account placing a reimbursement cap of $100,000,000 on the amount borrowed by the Corporation.

COMMODITY CREDIT CORPORATION

The Commodity Credit Corporation [CCC] is a wholly owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by the CCC are support programs for agricultural commodities, including the storage, handling, and disposition of commodities acquired under the programs; set-aside or acreage reduction, payment-in-kind, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480), which are financed by appropriations authorized by statutes providing for these activities. Under the Food for Peace Act of 1966, as amended, CCC may finance short-term export sales on credit terms not to exceed 3 years; finance intermediate-term export credit sales in excess of 3 years, but not more than 10 years; and enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture.

The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service [ASCS] and the Agricultural Stabilization and Conservation [ASC] State and county committees. The Foreign Agricultural Service, the General Sales Manager, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

The Corporation's capital stock of $100,000,000 is held by the United States. Under present law up to $25,000,000,000 may be borrowed from the U.S. Treasury, from private lending agencies, and from others, at any one time. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury.

Under Public Law 87–155 (15 U.S.C. 713a–11, 713a–12), annual appropriations are authorized for each fiscal year, commencing with fiscal year 1961. These appropriations are to reimburse the Corporation for net realized losses.

REIMBURSEMENT FOR NET REALIZED LOSSES

1986 appropriation[1]	$24,908,926,000
1987 budget estimate	(2)
House allowance	16,808,806,000
Committee recommendation	(3)

[1] Includes $5,300,000,000 provided in Public Law 99–349.

[2] Requested as a permanent, indefinite appropriation.

[3] The Committee recommendation is a current, indefinite appropriation.

COMMITTEE RECOMMENDATIONS

For reimbursement for net realized losses, the Committee recommends a current, indefinite appropriation. The budget requested a permanent, indefinite appropriation, and the House appropriated $16,808,806,000. Under the current, indefinite budget authority, it is estimated that at least $16,808,806,000 will be necessary to reimburse the Corporation for net realized losses.

Last year, the Senate approved a current, indefinite appropriation for this account, but House opposition in the conference committee on the agriculture appropriations bill (H.R. 3037) necessitated that a direct appropriation be approved. The House had originally approved a direct appropriation of $9,195,240,000. The conferees agreed to that amount and approved an additional $4,000,000,000 to be available upon congressional receipt of an official budget request. The subsequent submission of that budget request was, in effect, the first supplemental appropriation for CCC. On February 6, 1986, an additional $1,492,857,000 was approved in House Joint Resolution 520 (Public Law 99–243). On March 24, 1986, a further amount of $5,000,000,000 was appropriated in House Joint Resolution 534 (Public Law 99–263). It was anticipated that that amount would be sufficient for the remainder of the fiscal year. On June 4, however, CCC once again reached its statutory ceiling on borrowing authority and was forced to instruct local ASCS offices to discontinue the issuance of checks to farmers. In anticipation of that action, this Committee on May 12 approved a $5,300,000,000 supplemental appropriation, which was subsequently passed by the Congress and signed into law on July 2.

It is obvious that an indefinite appropriation would have served the farmers of America more effectively and would have prevented the disruption in local ASCS offices caused by repeated shutdowns and delayed appropriations. Uncertainties in the farm programs and wide-ranging estimates of the potential costs of CCC operations in fiscal year 1987 indicate that multiple supplemental appropriations bills may be required next year as estimates are periodically adjusted.

As stated by the Committee in its report on the fiscal year 1986 agriculture appropriations bill (S. Rept. 99–137), an indefinite appropriation is not the optimal means of financing government programs, because it could curtail somewhat the congressional review of such spending. However, the Committee recognizes the unique nature of this reimbursement account and considers it to be a proper exception to standard appropriations practices.

CCC programs are not the equivalent of other entitlement programs which are funded by specific appropriations (including child nutrition programs in this bill), which are based largely on economic indices and/or fairly predictable participation rates (for example, projected school attendance). Participation estimates and costs for CCC programs are affected by numerous factors which are difficult, if not impossible, to predict, including whether—and to what degree—individual farmers will choose to participate. While this situation is not new to CCC, the problem is exacerbated by the fact that most of CCC's $25,000,000,000 borrowing authority has been used to make commodity loans and acquire inventories, neither of which is reimbursable as a realized loss. In previous years, when the amount of outstanding commodity loans and inventory levels were lower, CCC could withstand fluctuation in participation and cost because of an adequate balance of borrowing authority.

The Committee rejects the administration's request for a permanent, indefinite appropriation. The Committee hopes that the high levels of loans and inventories will be reduced in the near future, at which time it may once again be appropriate to provide a specific appropriation.

In providing a current, indefinite appropriation, and in light of the factors discussed above, the Committee will expect to be more closely and consistently informed as to the status of the Corporation's financial position and its use of the current, indefinite authority. Therefore, the Committee directs the Department to submit to the Committee quarterly reports which include the balance of borrowing authority, the level of net outlays, the level of net realized losses, and any other relevant information concerning the Corporation's financial condition. Proper detail should be included in the report. Should any aspect of CCC's financial condition become critical, reports should be made more frequently—at least monthly. Further, the Committee directs that the Department notify the Committee each time net realized losses are reimbursed in accordance with the current, indefinite authority provided in this bill.

LIMITATIONS ON REIMBURSEMENTS

The Committee rejects the House proposal to place limitations on the reimbursement for certain CCC programs. They are both impractical and unnecessary. CCC carries out programs authorized by the Congress and must, by law, expend funds for these programs. Reimbursements are provided for CCC's nonrecoverable outlays and thereby free up CCC's available borrowing authority. Limiting the reimbursement for these programs would unnecessarily reduce the amount of available CCC borrowing authority if the cost of these programs exceeds the reimbursement limitation.

GENERAL SALES MANAGER

(ALLOTMENT FROM COMMODITY CREDIT CORPORATION)

1986 allotment[1]	$5,827,000
1987 budget estimate	6,089,000
House allowance	5,827,000
Committee recommendation	6,089,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The General Sales Manager was established pursuant to section 5(f) of the charter of the Commodity Credit Corporation and 15 United States Code 714–714p. The funds allocated to the General Sales Manager are used for conducting the following programs: (1) CCC Export Credit Guarantee Program (GSM-102), (2) CCC Export Credit Sales Program (GSM-5), (3) Public Law 480, (4) section 416 Overseas Donations Program, (5) Export Enhancement Program, and (6) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of most CCC-owned commodities, export payments, and other programs as assigned to encourage or cause the export of U.S. agricultural commodities.

COMMITTEE RECOMMENDATIONS

For the General Sales Manager, the Committee recommends a transfer of $6,089,000 from Commodity Credit Corporation funds, the same as the budget estimate. This is $262,000 more than the adjusted amount available for fiscal year 1986 and the level provided by the House.

The recommended increase is needed by the General Sales Manager to meet increased responsibilities and to ensure that newly mandated export credit and promotion programs are effectively implemented.

EXPORT CREDITS

The Committee concurs with the House in including provisions in this appropriations bill for short-term and intermediate export credit. These provisions are identical to those included in the Food Security Act of 1985, and are included in this bill to emphasize their importance to the agricultural trade policy of the United States. For short-term export credit guarantees, the Committee has included $5,000,000,000. For intermediate credit guarantees, the Committee has provided $500,000,000.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

RURAL DEVELOPMENT ASSISTANCE

OFFICE OF THE UNDER SECRETARY FOR SMALL COMMUNITY AND RURAL DEVELOPMENT

1986 appropriation[1]	$744,000
1987 budget estimate[2]	422,000
House allowance	394,000
Committee recommendation	394,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of the Under Secretary for Small Community and Rural Development provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's small community and rural development activities and crop insurance programs. The Office has oversight and management responsibilities for the Farmers Home Administration, Rural Electrification Administration, and the Federal Crop Insurance Corporation.

COMMITTEE RECOMMENDATION

For the Office of the Under Secretary for Small Community and Rural Development, the Committee recommends $394,000. This is $350,000 below the adjusted 1986 level, $28,000 below the budget request, and the same as the House allowance. The reduction from the 1986 level is due to contracts which will no longer be funded under this account.

FARMERS HOME ADMINISTRATION

The Farmers Home Administration provides credit for those in rural America who are unable to get credit from other sources at reasonable rates and terms. Loan programs are administered through the Agricultural Credit Insurance Fund, the Rural Housing Insurance Fund, the Rural Development Insurance Fund, and the Rural Development Loan Fund. The agency also administers several grant programs.

The agency was established by the Farmers Home Administration Act of 1946 and operates principally under the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921 et seq.) and title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.).

The Farmers Home Administration makes loans from funds borrowed from the U.S. Treasury and from sales of certificates of beneficial ownership to the Federal Financing Bank [FFB].

COMMITTEE RECOMMENDATIONS

The following table reflects the loan and grant program levels of programs administered by the agency in 1986, proposed in the budget for 1987, reflected in the House bill, and recommended by the Committee:

LOAN AND GRANT LEVELS

[In millions of dollars]

	1986 level [1]	1987 budget	House bill	Committee recommendation
Rural Housing Insurance Fund:				
Very low-income housing repair loans (sec. 504)	[2] 11.3	...	14.4	11.3
Low-income housing loans (sec. 502)	1,339.8	...	1,339.8	1,339.8
Rural rental housing loans (sec. 515)	669.9	...	669.9	669.9
Domestic farm labor housing loans (sec. 514)	11.5	...	11.5	11.5
Rural housing site development loans (sec. 524)	.6	...	.6	.6
Rural rental assistance agreements	160.3	...	160.3	160.3
Subtotal, Rural Housing Insurance Fund	2,193.4	...	2,196.4	2,193.4
Self-help Housing Land Development Fund	[3] 1.0	...	...	1.0
Agricultural Credit Insurance Fund: [4]				
Farm ownership loans (insured)	388.8	[5] 195.0	190.0	...
Farm ownership loans (guaranteed)	249.3	[5] 325.0	325.0	325.0
Farm operating loans (insured)	[6] 2,203.2	1,305.0	1,298.0	1,500.0
Farm operating loans (guaranteed)	1,660.9	2,175.0	2,170.0	2,175.0
Emergency disaster loans	[6] 544.1	[7] 700.0	700.0	700.0
Soil and water loans (insured)	21.1	...	12.0	10.0
Soil and water loans (guaranteed)	5.7	...	5.0	1.0
Indian land acquisition loans	3.8	...	3.8	2.0
Soil conservation loans	15.3	...	15.3	3.0
Subtotal, Agricultural Credit Insurance Fund	5,092.2	4,700.0	4,719.1	4,716.0
Rural Development Insurance Fund:				
Water and waste disposal loans	325.4	...	325.4	325.4
Community facility loans	95.7	...	95.7	95.7
Industrial development loans (guaranteed)	95.7	...	95.7	95.7
Subtotal. Rural Development Insurance Fund	516.8	...	516.8	516.8
GRANT PROGRAMS				
Water and waste disposal grants	109.4	...	109.4	109.4
Domestic farm labor housing grants	9.5	...	9.5	9.5
Mutual and self-help housing grants	7.6	...	7.6	8.6

See footnotes at end of table.

LOAN AND GRANT LEVELS—Continued

[In millions of dollars]

	1986 level[1]	1987 budget	House bill	Committee recommendation
GRANT PROGRAMS—Continued				
Very low-income housing repair grants (sec. 504)	13.9		11.9	13.9
Rural community fire protection	3.1		3.1	3.1
Compensation for construction defects	.7		.7	.7
Rural housing preservation grants	19.1		19.1	19.1
Total, grant programs	163.3		161.3	164.3
Total, FmHA loans and grants	7,966.7	4,700.0	7,593.6	7,591.5

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Reflects rescission of $3,020,000 as provided in Public Law 99–349.

[3] Appropriated in Public Law 99–349.

[4] Fiscal year 1986 levels reflect the amounts determined by the Department of Agriculture to be available after reconciling the appropriations bill, the farm bill, and the March 1, 1986, sequester.

[5] Proposed legislation would eliminate these programs and use these funds for operating loans.

[6] Reflects March 18, 1986, transfer of $700,000,000 from emergency disaster loans to insured operating loans.

[7] Proposed legislation would eliminate this program.

NOTE.—Totals may not add due to rounding.

RURAL HOUSING INSURANCE FUND

The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89–117), approved August 10, 1965. Public Law 89–117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An appropriation of $100,000,000 was provided by the Supplemental Appropriations Act, 1966 (Public Law 89–309) to capitalize the fund for future operations.

This fund may be used to insure or guarantee rural housing loans; loans for modernizing or improving rural dwellings, especially in order to make them safer or more sanitary; loans for rural rental and cooperative housing; farm labor housing loans; rural housing site loans; and mobile home park loans. Beginning in fiscal year 1978, rental assistance payments were made from the fund. Loan programs are limited to rural areas which include towns, villages and other places of not more than 10,000 population, which are not part of an urban area, and areas with a population in excess of 10,000 but less than 20,000 if such area is not included in a standard metropolitan statistical area [SMSA] and has a serious lack of mortgage credit for low and moderate income borrowers.

This fund provides a variety of loans, within the income categories mentioned, including the following low-income housing assistance: subsidized loans for repairs, general purpose loans, domestic farm labor loans, and rental or cooperative loans. Unsubsidized loans for low-income persons include site loans and certain repair loans.

DIRECT LOANS

Public Law 91-152, approved on December 24, 1969, transferred the assets, liabilities, and authorizations of the "Rural housing direct loan" account to the Rural Housing Insurance Fund [RHIF]. An account entitled "Direct loans," however, has been maintained within the RHIF for very low-income housing repair loans, despite the fact that direct loans and insured loans are now similarly treated by the Government. The Committee sees no reason to continue this distinction, and recommends that funds for very low-income housing repair loans be included in the account "Insured loans," which is discussed below, at the 1986 adjusted level of $11,335,000.

INSURED LOANS

1986 loan level [1] [2]	$2,033,093,000
1987 budget estimate	
House allowance [3]	2,036,113,000
Committee recommendation [2]	2,033,093,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] Includes $11,335,000 for very low-income housing repair loans, previously funded under the account "Direct loans."

[3] Includes $14,355,000 for very low-income housing repair loans, previously funded under the account "Direct loans."

Very low-income housing repair loans (section 504).—Loans are made to eligible very low-income applicants who are owners of farms or nonfarm rural property, for the purpose of improving or modernizing a rural dwelling, making the dwellings safer or more sanitary, or removing hazards. The Secretary determines the maximum amount of the loan. These secured loans are made at 1 percent interest and are repayable within 20 years, except that a loan for less than $2,500 need only be secured by a promissory note.

Rural housing building and repair loans (section 502).—Loans are made to enable eligible low-income applicants to purchase, construct, improve, alter, repair, or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. Not less than 40 percent of the funding authorized nationally shall be set aside and 30 percent in each State will be available for very low-income families. These loans bear a note rate based on the cost of money to the Treasury with provisions for interest credit which may reduce the interest rate to as low as 1 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design, and cost.

Rural rental and cooperative building loans (section 515).—Loans are authorized to be made to individuals, corporations, Indian tribes, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly or handicapped persons or families and other persons of low and moderate income in rural areas. Repaired or rehabilitated rental projects are encouraged in order to provide affordable housing. These loans are repayable in not more than 50 years and currently bear a note rate based on the cost of money to the Treasury with provision for interest credit to tenants which may reduce the interest rate to as low as 1 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies. The Farmers Home Administration has in the past made its rural rental housing loans in conjunction with the Department of Housing and Urban Development's section 8 Rent Subsidy Program. Loans made for units that will receive section 8 assistance bear an interest rate that is reduced either 1 or 2 percent below the unsubsidized rate, depending upon the circumstances of the individual project.

Farm labor housing loans (section 514).—Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farm workers to provide modest living quarters, basic household furnishing, and related facilities, including land necessary for an adequate site, for domestic farm labor. Loans will be made based on a determination of need considering housing needs of domestic farm labor, including migrant farm workers in the area, without regard to other housing needs in the area. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in this report.

Rural housing site loans (section 524) (unsubsidized).—Loans are made for purchase and development of land to be subdivided into building sites for low to moderate income housing borrowers and rural rental and cooperative housing borrowers. Insured loans are made at a note rate based on the cost of money to the Treasury, and are repayable in 2 years.

COMMITTEE RECOMMENDATIONS

For insured loans for fiscal year 1987, the Committee recommends a level of $2,033,093,000. This is the same as the amount that was available for fiscal year 1986, $2,033,093,000 more than the budget request, and $3,020,000 less than the amount provided in the House bill. These levels include loans for very low-income housing repair, formerly provided under the account, "Direct loans."

The table at the beginning of the Farmers Home Administration section of this report illustrates the distribution of these funds among the various housing programs.

The Committee recommends a technical change to the bill to clarify the prevalence of appropriations actions in situations where conflicting authorizing actions occur subsequent to enactment of appropriations measures. In addition, the Committee has included an amendment which corrects a United States Code citation.

RENT SUPPLEMENT AUTHORIZATION

1986 authorization[1]	$160,310,000
1987 budget estimate	
House allowance	160,310,000
Committee recommendation	160,310,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Housing and Community Development Act of 1974 established a Rural Rental Assistance Program to be administered by Farmers Home Administration through the Rural Housing Insurance Fund.

The objective of the program is to reduce rents paid by low-income families living in FmHA-financed rental projects and farm labor housing projects. Under this program, low-income tenants will contribute the higher of (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly income, or (3) designated housing payments from a welfare agency.

Payments from the fund are made to the project owner for the difference between the tenant's payment and the approved rental rate established for the unit.

The program is administered in tandem with FmHA section 515 rural rental and cooperative housing programs, and the farm labor loan and grant programs. Priority will be given to existing projects for units occupied by low-income families to extend expiring contracts or provide full amounts authorized to existing contracts; any remaining authority will be used for projects receiving new construction commitments under sections 514, 515, or 516 for very low-income families with certain limitations.

COMMITTEE RECOMMENDATIONS

For rural rental assistance, the Committee recommends an authorization of $160,310,000, which is the same as the House allowance, the same as the adjusted amount available in fiscal year 1986, and $160,310,000 above the budget request.

Based on an estimated average 5-year cost per contract of $11,047, this amount will provide for renewal of approximately 12,500 contracts expiring by the end of the first quarter of fiscal year 1988; new contracts for approximately 1,551 rural rental or cooperative (section 515) units; and new contracts for approximately 460 farm labor housing (section 514/516) units. Should the estimated cost per contract differ from $11,047, priority shall be given to those contracts expiring by the end of the first quarter of fiscal year 1988, then to new contracts for farm labor housing units, and then to new contracts for rural rental or cooperative units.

The Committee is aware of the need for "servicing rental assistance," which would be used to alleviate rent overburden among tenants, combat delinquency in problem area projects, assist with project transfers, and induce sales of Farmers Home Administration inventory. The Committee will expect the Department to evaluate the need for such assistance and report its findings to the Committee.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND OTHER LOSSES

1986 appropriation [1]	$1,996,283,000
1987 budget estimate [2]	2,866,434,000
House allowance [2]	2,448,151,000
Committee recommendation [2]	2,866,434,000

[1] Includes $163,420,000 for reimbursement for payments made pursuant to contracts under the Rural Rental Assistance Program.

[2] Includes $151,868,000 for reimbursement for payments made pursuant to contracts under the Rural Rental Assistance Program.

This appropriation will be used to reimburse the Rural Housing Insurance Fund [RHIF] for funded interest subsidies and losses incurred in fiscal year 1985, and those incurred in prior years but not fully reimbursed. Section 521(c)(1) of the Housing Act of 1949, as amended, authorizes annual appropriations to the Rural Housing Insurance Fund of the amounts by which interest payments made from the fund to investors in insured loans exceed the interest due from borrowers. In addition, section 517(e) of the act authorizes appropriations to restore all other losses to the fund. The amount requested is exclusive of provision for future losses, unfunded costs, and imputed interest.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and other losses for fiscal year 1987, the Committee recommends an appropriation of $2,866,434,000. This is $870,151,000 more than was provided in 1986, the same as the budget estimate, and $418,283,000 more than the amount provided in the House bill.

The level displayed above for 1987 includes an estimate of the amount necessary to fund disbursements which will occur in 1987 for rental assistance agreements which were entered into in prior years. Funds for this purpose are appropriated on a current, indefinite basis, and the estimate reflected in the numbers shown here is included simply for display purposes, and should not be interpreted as a limitation on such funding.

The Committee has included an amendment which clarifies the wording of the reimbursement appropriation.

SELF-HELP HOUSING LAND DEVELOPMENT FUND

1986 loan authorization [1]	$1,000,000
1987 budget estimate	
House allowance	
Committee recommendation	1,000,000

[1] Provided in Public Law 99-349.

This fund is authorized by section 523(b)(1)(B) of the Housing Act of 1949, as amended. It is used as a revolving fund for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

COMMITTEE RECOMMENDATIONS

The Committee recommends $1,000,000 for self-help housing land development loans in fiscal year 1987. There was no budget request nor was there a House recommendation. This is the same as the 1986 appropriation.

AGRICULTURAL CREDIT INSURANCE FUND

The Agricultural Credit Insurance Fund is used to insure or guarantee farm ownership, soil and water, farm operating, and emergency loans to individuals, as well as the following types of loans to associations: irrigation and drainage, grazing, Indian tribe land acquisition, watershed protection, flood prevention, and resource conservation and development. The insurance endorsement on each insured loan may include an agreement by the Government to purchase the loan after a specified initial period.

Loans may be made by the fund from available receipts or Treasury borrowings. Loans made by the fund are held in a pool as security for certificates of beneficial ownership which are sold primarily to the Federal Financing Bank. FmHA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FmHA as approved by the Secretary of Agriculture.

The following programs are financed through this fund:

Farm ownership loans.—Made to borrowers who cannot obtain credit elsewhere to restructure their debts, improve or purchase farms, refinance nonfarm enterprises which supplement but do not supplant farm income, or make additions to farms. An insured loan may not exceed $200,000, and a guaranteed loan may not exceed $300,000.

Farm operating loans.—Provide short-to-intermediate term production or chattel credit to farmers who cannot obtain credit elsewhere, to improve their farm and home operations, and to develop or maintain a reasonable standard of living. An insured loan may not exceed $200,000, and a guaranteed loan is limited to $400,000.

Emergency disaster loans.—Made to farmers in designated disaster areas and contiguous counties to restore production. These areas may be designated by the President, the Secretary, or the Administrator of the Farmers Home Administration.

Soil and water conservation loans.—Made to individuals, cooperatives, corporations, or partnerships who own and/or operate a farm, for land and water development, use and conservation.

Indian tribe land acquisition loans.—Made to qualified Indian tribes or tribal corporations to acquire land or interests in land within the tribes' reservations or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof.

Watershed protection and flood prevention loans.—Made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for financing the local share of the cost of installing or repairing works of improvement and water storage facilities, purchasing sites of rights-of-way, and covering related costs.

Resource conservation and development loans.—Made to local sponsoring organizations when needed for financing the local share of the cost of installing, repairing, or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved resource conservation and development projects. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work.

FARM OWNERSHIP LOANS

	Insured	Guaranteed	Total
1986 loan level[1]	$388,820,000	$249,250,000	$638,070,000
1987 budget estimate[2]	195,000,000	325,000,000	520,000,000
House allowance	190,000,000	325,000,000	515,000,000
Committee recommendation		325,000,000	325,000,000

[1] Reflects the amounts determined by the Department of Agriculture to be available after reconciling the appropriations bill, the farm bill, and the March 1, 1986, sequester.

[2] Proposed legislation would eliminate this program and use these funds for operating loans.

Subtitle A of the Consolidated Farm and Rural Development Act contains authorizations for farm ownership loans. Farm ownership loans are used for maintaining the family farm by helping owner-operators to restructure their debts or make adjustments in their operations to comply with local sanitation or other requirements, to keep up with advances in agricultural technology, or to better use their land and labor resources to meet changing market requirements. Ownership loans are also used to purchase and develop farms, especially for beginning farmers.

COMMITTEE RECOMMENDATIONS

For fiscal year 1987, the Committee is recommending a total program level of $325,000,000 for farm ownership loans. This is $313,070,000 below the adjusted amount available in fiscal year 1986, $190,000,000 below the amount provided by the House, and $195,000,000 less than the budget's current law request, although the administration is proposing legislation to terminate this program and use these funds for operating loans. Within this program level, no appropriation is recommended for insured loans, and $325,000,000 is recommended for guaranteed loans.

The Food Security Act of 1985 (Public Law 99–198) authorized a total of $4,000,000,000 for farm loans for fiscal year 1987, of which $1,500,000,000 is to be for insured loans and $2,500,000,000 is to be for guaranteed loans. Because of the high demand for farm operating loans, the Committee feels that the entire amount available for insured loans should be allocated to operating loans.

The Committee does, however, feel that the Farm Ownership Loan Program can be a useful tool in assisting farmers who would benefit by refinancing their oustanding debts. For that reason, the Committee is providing funds for guaranteed farm ownership loans, whereby farmers may refinance their debt through a private lender, with a major portion of any loss to the lender being guaranteed by the Farmers Home Administration.

The Committee also notes that the Secretary has the authority to transfer up to 25 percent of the amounts authorized for guaranteed loans to amounts authorized for insured loans. The Committee directs the Department to use this authority whenever necessary.

OPERATING LOANS

	Insured	Guaranteed	Total
1986 loan level[1]	$2,203,180,000	$1,660,900,000	$3,864,080,000
1987 budget estimate	1,305,000,000	2,175,000,000	3,480,000,000
House allowance	1,298,000,000	2,170,000,000	3,468,000,000
Committee recommendation	1,500,000,000	2,175,000,000	3,675,000,000

[1] Reflects the amounts determined by the Department of Agriculture to be available after reconciling the appropriations bill, the farm bill, and the March 1, 1986, sequester. Also reflects a transfer of $700,000,000 from emergency disaster loans to insured operating loans.

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for insured and guaranteed operating loans. These loans are accompanied by supervisory assistance in farm and financial management. Operating credit is needed by family farmers throughout the United States who are unable to obtain credit from private and cooperative sources. This helps to provide opportunity for farm operators and encourage farm families to remain in rural areas.

COMMITTEE RECOMMENDATIONS

For fiscal year 1987, the Committee is recommending a total program level of $3,675,000,000 for operating loans. This is $195,000,000 above the budget request, $207,000,000 above the amount provided by the House, and $189,080,000 below the amount available in fiscal year 1986. Within the total program level, $1,500,000,000 is recommended for insured operating loans, and $2,175,000,000 is recommended for guaranteed operating loans. This will continue a shift toward less direct and more guaranteed operating credit available through FmHA.

REAL ESTATE LOANS (OTHER THAN FARM OWNERSHIP)

	Insured	Guaranteed	Total
1986 loan level[1]	$24,882,000	$5,742,000	$30,624,000
1987 budget estimate			
House allowance	15,828,000	5,000,000	20,828,000
Committee recommendation	12,000,000	1,000,000	13,000,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

These loans include Indian land acquisition loans, and soil and water loans. Indian land acquisition loans are made to Indian tribes or tribal corporations to acquire lands or an interest in lands within the tribe's reservation or Alaskan Indian community. Soil and water loans are made to owners and/or operators of farms to fund soil conservation and development, forestation, drainage of farm land, establishment of a permanent pasture, pollution control or energy-saving measures.

COMMITTEE RECOMMENDATIONS

For real estate loans, other than farm ownership loans, the Committee recommends $13,000,000, which is $7,828,000 below the House level, and $13,000,000 above the budget request. Included in this program level is $10,000,000 for insured soil and water loans, $1,000,000 for guaranteed soil and water loans, and $2,000,000 for insured Indian land acquisition loans. These levels reflect recent loan demand.

SOIL CONSERVATION LOANS

1986 loan level[1]	$15,312,000
1987 budget estimate	....
House allowance	15,312,000
Committee recommendation	3,000,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

Public Law 92–419, approved August 30, 1972, provided for making insured loans for watershed works of improvement, flood prevention, and resource conservation and development.

Watershed and flood prevention loans are made to local organizations for financing the local share of the cost of installing or repairing works of improvement and water storage facilities, purchasing sites or rights-of-way, and covering related costs. Loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity.

Resource conservation and development loans are made to sponsors of projects approved for operation by the Soil Conservation Service. Such loans are repayable in not more than 30 years, and bear interest at a rate based on the average rate paid by the Treasury on issues of similar maturity.

COMMITTEE RECOMMENDATION

For soil conservation loans, the Committee recommends $3,000,000, including $2,500,000 for watershed and flood prevention loans and $500,000 for resource conservation and development loans. This is $12,312,000 less than the amount provided in fiscal year 1986, and $12,312,000 less than the House allowance. The President's budget requested no funding for these programs. The levels provided by the Committee reflect recent loan demand.

EMERGENCY DISASTER LOANS

1986 loan level[1]	$544,100,000
1987 budget estimate[2]	700,000,000
House allowance	700,000,000
Committee recommendation	700,000,000

[1] Reflects the amount determined by the Department of Agriculture to be available after reconciling the appropriations bill, the farm bill, and the March 1, 1986, sequester. Also reflects a transfer of $700,000,000 to insured operating loans.

[2] Proposed legislation would eliminate this program.

Emergency loans are made available in designated areas and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared or designated for emergency loan assistance by the President, Secretary of Agriculture, or the Administrator of FmHA.

Emergency loans are made to established eligible farmers, ranchers, and aquaculture operators. Partnerships and private domestic corporations and cooperatives may also qualify, providing they are primarily engaged in agricultural or aquacultural production. Loans may be made for actual losses arising from natural disasters.

Actual loss loans may be made for physical losses to repair, restore, or replace damaged or destroyed farm property, livestock, and livestock products, and supplies, and for production losses to compensate for loss of income based on reduced production of crops and/or livestock products resulting from the disaster. Eligible farmers may use actual loss loan funds to purchase livestock, poultry, or other animals and pay costs incident to reorganizing a farming system to make it a sound operation. The reorganized farming operation, however, must be approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

COMMITTEE RECOMMENDATIONS

For emergency disaster loans, the Committee recommends $700,000,000, the full amount authorized by the Food Security Act of 1985 (Public Law 99-198). This is the same as the House level and the budget's current law request, although the administration is proposing legislation to terminate this program. This level is $155,900,000 more than the amount available in fiscal year 1986.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND OTHER LOSSES

1986 appropriation	$1,083,403,000
1987 budget estimate	2,440,203,000
House allowance	1,723,403,000
Committee recommendation	2,440,203,000

The amount requested will reimburse the Agricultural Credit Insurance Fund for interest subsidies and losses incurred through September 30, 1985, and those from prior years which have not yet been reimbursed. Losses result primarily from (1) writeoff of uncollectable loans and (2) interest costs incurred because of the difference between interest rates charged to borrowers and the rate which the Government must pay for its own borrowing.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and other losses, the Committee recommends an appropriation of $2,440,203,000. This is $1,356,800,000 more than was provided in 1986, the same as the budget estimate, and $716,800,000 more than was provided in the House bill.

RURAL DEVELOPMENT INSURANCE FUND

The Rural Development Insurance Fund was established on October 1, 1972, pursuant to section 309(A) of the Rural Development Act of 1972 (Public Law 92-419), which also transferred to this fund the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

The fund is used to insure or guarantee loans for water systems and waste disposal facilities, development of rural business, community facilities, and industrial development in rural areas.

WATER AND WASTE DISPOSAL LOANS

1986 loan level [1]	$325,380,000
1987 budget estimate	
House allowance	325,380,000
Committee recommendation	325,380,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Loans are made to organizations including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, for the development of storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas.

COMMITTEE RECOMMENDATIONS

For water and waste disposal loans for fiscal year 1987, the Committee recommends a level of $325,380,000. This is $325,380,000 more than the budget estimate, the same as the level available in 1986, and the same as the amount provided in the House bill.

At least 30 percent of these loans are to be made for the purpose of expanding existing systems.

INDUSTRIAL DEVELOPMENT LOANS

1986 loan level [1]	$95,700,000
1987 budget estimate	
House allowance	95,700,000
Committee recommendation	95,700,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

These guaranteed loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes, or to individuals for the purpose of improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, conversion, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, machinery, supplies and materials; and paying start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to rural areas and cities having a population of 25,000 or less. Loans may be guaranteed by FmHA not to exceed 90 percent of the loss. Loans are repayable in not more than 30 years, depending on the loan purpose, and bear interest at a rate agreed upon by the lender and borrower.

COMMITTEE RECOMMENDATIONS

For guaranteed industrial development loans for fiscal year 1987, the Committee recommends a level of $95,700,000. This is the same as the adjusted amount available in 1986 and the same amount as provided in the House bill. No request was made by the administration.

COMMUNITY FACILITY LOANS

1986 loan level[1]	$95,700,000
1987 budget estimate	
House allowance	95,700,000
Committee recommendation	95,700,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

Loans are made to organizations, including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, hydroelectric generation, and community, social, and cultural benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 20,000 population.

COMMITTEE RECOMMENDATIONS

For community facility loans for fiscal year 1987, the Committee recommends a level of $95,700,000. This is the same as the amount available in 1986, and the same as the House allowance. There was no budget request for these loans.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND LOSSES

1986 appropriation	$556,645,000
1987 budget estimate	736,619,000
House allowance	656,645,000
Committee recommendation	736,619,000

This appropriation is to reimburse the Rural Development Insurance Fund for funded interest subsidies and losses incurred in fiscal year 1985 and in prior years but not previously reimbursed.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and losses for the Rural Development Insurance Fund, the Committee recommends an appropriation of $736,619,000. This is $179,974,000 more than was provided in 1986, $79,974,000 more than the House bill, and the same amount as in the budget request.

Rural Grant Programs

RURAL WATER AND WASTE DISPOSAL GRANTS

1986 appropriation [1]	$109,395,000
1987 budget estimate	
House allowance	109,395,000
Committee recommendation	109,395,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

This grant program is authorized by section 306 of the Consolidated Farm and Rural Development Act, as amended. Grants are authorized to be made to associations, including nonprofit corporations, public and quasi-public agencies, and certain Indian tribes, to finance specific projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Grants are used for water and waste disposal projects serving the most financially needy communities to reduce user costs to a reasonable level.

COMMITTEE RECOMMENDATIONS

The Committee recognizes that one of the greatest potential health hazards in rural areas is the lack of adequate, safe drinking water and inadequate sewage treatment. Therefore, the Committee recommends an appropriation of $109,395,000 for rural water and waste disposal grants. This is the same as the amount provided in the House bill, the same as the adjusted level available in fiscal year 1986, and $109,395,000 more than the budget estimate. Highest priority is to be given to communities with water supplies which do not meet the requirements of the Safe Drinking Water Act.

The Committee agrees with the House that additional emphasis should be placed on area coverage for water and sewer systems funded by FmHA loans and grants. The Committee is aware that in many cases it may be feasible to fund areawide systems, where numerous eligible localities join into the formation of a water/sewer management district, thus making such a system more cost efficient. The Committee expects the Department to utilize available funds to the extent practicable, to finance such area service districts.

VERY LOW-INCOME HOUSING REPAIR GRANTS

1986 appropriation[1] [2]	$13,891,000
1987 budget estimate	
House allowance	11,891,000
Committee recommendation	13,891,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] Includes $2,000,000 provided in Public Law 99-349.

This grant program is authorized under section 504 of title V of the Housing Act of 1949, as amended. The Rural Housing Repair Grant Program is carried out by making grants for very low-income elderly owner-occupants to make necessary repairs to their homes in order to make such dwellings safe and sanitary, and remove hazards to the health of the occupants, their families, or the community. Such grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, installing screens, repairing or providing structural supports, or making similar repairs, additions, or improvements including all preliminary and installation costs in obtaining central water and sewer service. A grant is usually in combination with a section 504 very low-income housing repair loan.

The Secretary determines the maximum amount of grant or combination of loan and grant.

COMMITTEE RECOMMENDATIONS

For very low-income housing repair grants for fiscal year 1987, the Committee recommends an appropriation of $13,891,000. This is the same as the amount provided in 1986, $2,000,000 more than the amount provided in the House bill, and $13,891,000 more than the budget estimate.

GRANTS FOR RURAL HOUSING FOR DOMESTIC FARM LABOR

1986 appropriation[1]	$9,513,000
1987 budget estimate	
House allowance	9,513,000
Committee recommendation	9,513,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Financial assistance in the form of grants is authorized to public or private nonprofit organizations or other eligible organizations for low-rent housing and related facilities for domestic farm labor.

Under section 516 of the Housing Act of 1949, FmHA is authorized to share with States or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farmworkers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy and consist of family units, apartments, or dormitory-type units, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance may not exceed 90 percent of the total development cost. Applicants furnish as much of the development cost as they can afford by using their own resources, by borrowing either directly from private sources, or by obtaining an insured loan under section 514 of the Housing Act. The applicant must agree to charge rentals which do not exceed amounts approved by the Secretary, maintain the housing at all times in a safe and sanitary condition, and give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless sooner terminated by the Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require repayment of the grant.

COMMITTEE RECOMMENDATIONS

For grants for rural housing for domestic farm labor for fiscal year 1987, the Committee recommends $9,513,000. This is the same as the amount available in fiscal year 1986 and in the House bill. There was no budget request for this program. Consistent with past years, the Committee recommends making this appropriation available until expended.

MUTUAL AND SELF-HELP HOUSING GRANTS

1986 appropriation [1]	$7,610,000
1987 budget estimate	
House allowance	7,610,000
Committee recommendation	8,610,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

This grant program was authorized by Public Law 90–448, approved August 1, 1968. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually 6 to 10 families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance. This program also provides contract funds for training to be provided to members and staff of self-help technical assistance grant recipient organizations.

COMMITTEE RECOMMENDATIONS

For mutual and self-help housing grants for fiscal year 1987, the Committee recommends an appropriation of $8,610,000. This is $1,000,000 more than the level provided in 1986 and $1,000,000 more than the amount provided in the House bill. No appropriation was requested by the administration.

The Committee believes that the self-help method is one of the most productive uses of Government assistance. Through this program, citizens have the opportunity not only to have an adequate home, but also to gain the pride and satisfaction of building it themselves and helping others to do the same.

The self-help housing program provides benefits both to prospective homeowners and the Federal Government. A Farmers Home study gives evidence that this is a cost-effective program. Houses financed by FmHA and constructed by the self-help method cost an average of $10,780 less than contractor-built homes. The average self-help technical assistance grant cost is $7,681 per house; therefore, the Federal Government saves an average of $3,099 per house (the difference between the savings in construction costs and the cost of the technical assistance grant).

The Committee directs FmHA to continue utilizing regional contracts for self-help housing management and technical assistance. By entering into these contracts with nonprofit organizations, FmHA staff is relieved from providing the consistent management necessary to operate this program most effectively.

RURAL COMMUNITY FIRE PROTECTION GRANTS

1986 appropriation[1]	$3,091,000
1987 budget estimate	
House allowance	3,091,000
Committee recommendation	3,091,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

This assistance was authorized by section 7 of the Cooperative Forestry Assistance Act of 1978. Grants are made to public bodies to organize, train, and equip local firefighting forces, including those of Indian tribes or other native groups, to prevent, control, and suppress fires threatening human lives, crops, livestock, farmsteads or other improvements, pastures, orchards, wildlife, rangeland, woodland, and other resources in rural areas.

COMMITTEE RECOMMENDATIONS

For rural community fire protection grants for fiscal year 1987, the Committee recommends an appropriation of $3,091,000. This is the same amount as provided in 1986 and the same as the amount provided in the House bill. No appropriation was requested by the administration.

COMPENSATION FOR CONSTRUCTION DEFECTS

1986 appropriation[1]	$713,000
1987 budget estimate	
House allowance	713,000
Committee recommendation	713,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Under section 509(c) of the Housing Act of 1949, as amended, the Secretary of Agriculture is authorized to pay the cost of correcting structural defects and claims arising from defects on newly constructed dwellings purchased with FmHA financial assistance. Claims will not be paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made within 18 months of loan closing.

COMMITTEE RECOMMENDATIONS

The Committee recommends $713,000 for compensation for construction defects. This is $713,000 more than the budget request, the same as the House allowance, and the same as the level provided in fiscal year 1986. No appropriation was requested by the administration.

RURAL HOUSING PRESERVATION GRANTS

1986 appropriation[1]	$19,140,000
1987 budget estimate	
House allowance	19,140,000
Committee recommendation	19,140,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

Section 522 of the Housing and Urban-Rural Recovery Act of 1983 (titles I–V of Public Law 98–181) authorized a Rural Housing Preservation Grants Program under the Farmers Home Administration to make grants to State or local governments, Indian tribes, private nonprofit organizations, and a consortia of other eligible grantees to rehabilitate housing which is either owned or occupied by low or very-low income persons or families.

While the section 504 loan and grant programs are aimed at the same income levels as this program, they are restricted to the elderly. Also, the Farmers Home Administration staff limitations are such that an increase in funding or expansion of responsibility may not provide satisfactory results.

The Preservation Grants Program employs local housing expertise and improves the delivery of rehabilitation assistance. Farmers Home ranks and funds qualified applicants (for example, governments, or nonprofit organizations), but is not responsible for processing individual applications for assistance. The grantee operates the program on a day-to-day basis, and FmHA reviews and monitors the activities of the grantee.

COMMITTEE RECOMMENDATIONS

The Committee recommends $19,140,000 for rural housing preservation grants. This is the same as the amount available in fiscal year 1986, the same as the amount provided by the House, and $19,140,000 more than the budget request.

The Committee is seriously concerned that the Farmers Home Administration has only recently begun carrying out this program. Funds were originally appropriated in the fiscal year 1984 supplemental appropriations bill, a full 2 years ago. Additional funds were provided in the fiscal year 1985 Agriculture appropriations bill. Because regulations had not been issued as of the end of fiscal year 1985, Congress reappropriated the $20,000,000 previously appropriated but never obligated.

The inaction of the Farmers Home Administration could possibly be interpreted as an impoundment of funds about which the Congress was not notified. The Committee strongly cautions the Department against any such unwarranted delays in promulgating regulations in the future.

SALARIES AND EXPENSES

	Appropriation	Transfers from loan accounts	Total
1986 appropriation[1]	$356,106,000	($4,000,000)	($360,106,000)
1987 budget estimate	382,639,000	(4,000,000)	(386,639,000)
House allowance	381,867,000	(4,000,000)	(385,867,000)
Committee recommendation	393,474,000	(4,000,000)	(397,474,000)

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Funds appropriated to this account are used to administer the various loan and grant programs of the Farmers Home Administration, with the exception of emergency loans, which are administered with funds available from the Agricultural Credit Insurance Fund, and watershed, flood prevention, and resource conservation and development loans, which are administered with an annual allotment of funds from the Soil Conservation Service. Administration of the programs includes the reviewing of applications, making and collecting loans, and extending technical assistance to borrowers.

COMMITTEE RECOMMENDATIONS

For salaries and expenses for fiscal year 1987, the Committee recommends a program level of $397,474,000. This is $37,368,000 more than the 1986 adjusted level, $10,835,000 more than the budget estimate, and $11,607,000 more than the House allowance. The increase is needed to fund the level of staff years required in section 626 (general provision) of the bill. In a related recommendation, the Committee has amended the staff-year floor, which is included in section 626, to 12,400, the same as the fiscal year 1986 minimum level. The Committee emphasizes that this is a minimum staffing level, and does not preclude FmHA from utilizing revolving fund resources to employ temporary personnel in emergency situations, as it did in fiscal year 1986.

Because of the potentially significant impact of the muscadine industry on rural southern economies, the Committee commends FmHA in aiding this industry and will expect this support to be continued and increased, using all applicable programs of FmHA.

The Committee is concerned that many FmHA offices do not have a high retention rate among their employees, resulting in delays and other problems due to inexperienced employees. Farmers Home should evaluate this situation and make a concentrated effort to provide proper incentives to qualified county office personnel to ensure competence and continuity.

HILO OFFICE

The Committee reiterates its interest in assuring that the Hawaii State Office of the Farmers Home Administration remain in Hilo, where it is best able to meet the needs of local farmers. The Committee is, thus, once again including bill language which prohibits the Department from moving the office to Honolulu.

CIRCUIT RIDER PROGRAM

The Circuit Rider Program provides technical assistance to rural water systems. In testimony before the Committee, the Administrator of the Farmers Home Administration stated that the program is operated well and is extremely effective in providing this technical assistance, and that it should be continued in order to further develop and maintain water systems in rural areas.

Therefore, the Committee recommends $2,100,000 be provided for the Circuit Rider Program. This is $103,000 more than the amount provided by the House. This level of funding is needed in order to maintain the current program.

The Administrator also testified that the program has been run most effectively by the National Rural Water Association and, therefore, the Committee concurs with the House bill language providing for contracting this work with the National Rural Water Association, or another equally qualified national organization.

OGC FIELD OFFICES

In early 1983 pursuant to an agreement between the Office of the General Counsel [OGC] and the Farmers Home Administration [FmHA], seven general counsel field offices were established to provide legal assistance to the FmHA. The OGC has been reimbursed in past years by the FmHA for these offices; however, the fiscal year 1987 budget proposed to fund these offices as part of the budget of OGC. The Committee continues to feel these field offices are essential, and has, therefore, concurred with the budget and the House provision of $1,755,000 as a direct appropriation under the OGC in order to maintain these seven offices.

HOMESTEAD PROTECTION

The Committee strongly supports the homestead protection provision in section 1321 of the Food Security Act of 1985. However, the Committee understands that it is being applied only to property on which FmHA has initiated foreclosure procedures, and not to property acquired by FmHA as a result of foreclosure initiated by other creditors. Therefore, the Committee directs the Department to assure full implementation and applicability of this provision to all FmHA property inventory, without regard to the method by which the property came into inventory.

LOAN GRADUATION

The Committee continues to be concerned about the number of rural housing loans eligible for graduation but which are still in the FmHA portfolio. While recognizing the recent increase in graduations, the Committee is aware that this is primarily due to borrowers' requests to be graduated so that they may take advantage of the relatively low interest rates available in the private sector. Farmers Home is expected to place additional emphasis on identifying borrowers eligible for graduation and initiating action to remove them from the FmHA portfolio.

RDIF ASSET SALES

The Omnibus Reconciliation Act of 1986, as reported by the Senate Budget Committee (S. Rept. 99–348), includes a provision to allow sales of the assets of the Rural Development Insurance Fund [RDIF]. Such sales would necessarily remove Farmers Home from all requirements to service those loans. This servicing has included subsequent loans and/or grants when necessary. Farmers Home has done an excellent job in servicing these loans because of its understanding of the needs of rural communities. The Committee is deeply concerned that private lenders may not afford similar considerations. Therefore, the Committee directs that no sale of assets be made to a purchaser who cannot certify that it has the ability and intention to service such loans in a responsible manner.

PRIVATE COLLECTION AGENCIES

The Committee has included bill language prohibiting the Farmers Home Administration from making use of private debt collection agencies to collect delinquent payments from Farmers Home Administration borrowers. The Committee feels that the use of such agencies may restrict the rights of borrowers, and renders FmHA incapable of making use of a wide array of alternatives already available for resolving debt collection and borrowers' credit problems. Because of the current state of the farm economy, FmHA should be sympathetic to the farmers' problems and should use local FmHA personnel for servicing the loans, including debt collection.

RURAL ELECTRIFICATION ADMINISTRATION

The Rural Electrification Administration [REA] was established by Executive Order 7037 on May 11, 1935, to provide loan funds to eligible borrowers for the purpose of extending central station electric service to unserved persons in rural areas. Statutory provision for the agency was made in the Rural Electrification Act of May 20, 1936. On July 1, 1939, under Reorganization Plan II, REA became a part of the Department of Agriculture. On October 28, 1949, the purpose of REA was expanded by Public Law 423 which amended the Act to authorize loans for furnishing telephone service to rural areas.

Public Law 93–32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, by establishing a Rural Electrification and Telephone Revolving Fund [RETRF] for the purpose of making insured loans to REA electric and telephone borrowers. Loans made under this authority bear either 2- or 5-percent interest in accordance with criteria specified in the act, and have a maturity not to exceed 35 years. The act also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the lender and the borrower. The rural electrification and telephone revolving fund legislation contains the following statement of congressional policy:

> * * * it is hereby declared to be the policy of the Congress that adequate funds should be made available to rural electric and telephone systems through direct, insured, and guaranteed loans at interest rates which will allow them to achieve the objectives of the Rural Electrification Act of 1936, as amended; and that such rural electric and telephone systems should be encouraged and assisted to develop their resources and ability to achieve the financial strength needed to enable them to satisfy their credit needs from their own financial organizations and other sources at reasonable rates and terms consistent with the loan applicant's ability to pay and achievement of the Act's objectives.

In October 1976, Public Law 94–570 amended the act, changing the statutory criteria used in determining eligibility for the special interest rate (2 percent) insured loans. The change in criteria corrected unintended inequities resulting from Public Law 93–32, bringing the number of borrowers eligible for the special rate more in line with congressional intent and with borrowers' actual needs for loan funds at this rate.

On August 13, 1981, the Omnibus Budget Reconciliation Act, Public Law 97–35, was signed into law to further amend the RE Act. This legislation changed the RE Act by eliminating the special 2-percent interest rate on insured loans from the RETRF. It also provided that the Administrator may make insured loans at a rate less than 5 percent, but not less than 2 percent, if the borrower has experienced extreme financial hardship, or cannot provide service consistent with the objectives of the act without charging rates so high that a substantial disparity results between such rates and those charged for similar services in the same or nearby areas by other suppliers.

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND

ELECTRIC LOANS (INSURED)

1986 loan authorization [1]	$622,050,000
1987 budget estimate	375,000,000
House allowance	622,050,000
Committee recommendation	622,050,000

ELECTRIC LOANS (GUARANTEED)

1986 loan authorization [1]	$813,450,000
1987 budget estimate	225,000,000
House allowance	813,450,000
Committee recommendation	813,450,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

TELEPHONE LOANS (INSURED)

1986 loan authorization [1]	$239,250,000
1987 budget estimate	60,000,000
House allowance	239,250,000
Committee recommendation	239,250,000

TELEPHONE LOANS (GUARANTEED)

1986 loan authorization [1]	$119,625,000
1987 budget estimate	
House allowance	119,625,000
Committee recommendation	119,625,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

COMMITTEE RECOMMENDATIONS

The Committee commends REA for maintaining stable ratios of concurrent and supplemental loans at the current levels. During fiscal year 1987, the Administrator is expected to provide borrowers supplemental financing in accordance with applicable criteria and ratios in effect as of July 15, 1982.

For insured loans to rural electric systems, the Committee recommends a floor of $622,050,000 and a ceiling of $933,075,000, the same as the House levels. For insured telephone loans the Committee recommends a floor of $239,250,000 and a ceiling of $311,025,000. The budget proposed a $375,000,000 limitation on insured electric loans and a $60,000,000 limitation on insured telephone loans.

For guaranteed loans, the Committee concurs with the House levels, as follows: For electric loan guarantees, a floor of $813,450,000 and a ceiling of $1,961,850,000; and for telephone loan guarantees, a floor of $119,625,000 and a ceiling of $138,765,000. The budget proposed a $225,000,000 ceiling on electric loan guarantees and proposed that no telephone loans be guaranteed.

Once again the Committee has included bill language prohibiting REA from using a borrower's level of general funds to determine eligibility for a loan or an advance on a loan previously approved. This action will allow borrowers to strengthen their respective financial positions.

REIMBURSEMENT FOR LOSSES

1986 appropriation	$100,000,000
1987 budget estimate	
House allowance	100,000,000
Committee recommendation	

In 1973, the Rural Electrification Act was amended by Public Law 98–32, which created the Rural Electrification and Telephone Revolving Fund [RETRF] through which REA would administer its loan programs. The fund began operations utilizing $7,864,742,000 in assets which were transferred to the fund from the Treasury, and the fund was made liable for approximately $7,400,000,000 of notes previously issued by REA to the Treasury. The fund was simultaneously forgiven from paying any interest associated with that liability to the Treasury. If the fund were liable for this interest, it is estimated that the annual interest cost would be $307,163,625.

In 1979 the General Accounting Office [GAO] ruled that the RETRF should show this would-be interest cost as imputed interest on its financial statements in order to conform to generally accepted accounting principles.

COMMITTEE RECOMMENDATIONS

The Committee recommends no appropriation for reimbursement for losses. The House provided the 1986 level of $100,000,000, and there was no budget request. The Committee's action will have no impact whatsoever on REA programs.

In fiscal year 1985 (the year to which the House reimbursement would apply), the Rural Electrification and Telephone Revolving Fund [RETRF] collected interest income of $512,731,000 and incurred expenses of $408,877,000. This computes to a net cash income of $103,854,000. Only after subtracting the imputed interest as required by GAO, which was not and will never be paid, does the fund show a loss on paper.

The House, in providing an appropriation for this account, says that the fund "should be treated the same as the other revolving funds of USDA," and should be reimbursed for its losses. The Senate Appropriations Committee agrees with that position. However, it emphasizes that reimbursements for other revolving funds are appropriated for cash losses, which expressly exclude imputed interest losses, as is so stated in the House report under each Farmers Home Administration reimbursement appropriation.

At whatever point in the future the RETRF incurs a net cash loss for the fiscal year, the Committee will support a reimbursement.

RURAL TELEPHONE BANK

DIRECT LOANS

1986 loan authorization[1]	$177,045,000
1987 budget estimate	139,000,000
House allowance	177,045,000
Committee recommendation	177,045,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing the Rural Telephone Program. The Bank charges a single interest rate based on its average cost of money, but not less than 5 percent per annum. The Bank may borrow public or private funds in a total amount not to exceed 20 times the paid-in capital and retained earnings of the Bank.

COMMITTEE RECOMMENDATIONS

For the Rural Telephone Bank loans, the Committee recommends a limitation of $177,045,000, which is the same as the fiscal year 1986 adjusted level and the House level, and $38,045,000 more than the budget request.

CAPITALIZATION

1986 appropriation[1]	$28,710,000
1987 budget estimate	
House allowance	28,710,000
Committee recommendation	28,710,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Public Law 92–12 amended the Rural Electrification Act to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. It also authorized U.S. stock purchases totaling $300,000,000 with up to $30,000,000 to be appropriated annually.

The $300,000,000 stock purchase was completed in 1981. Public Law 97–98, approved December 22, 1981, amended the act by providing for an authorization of an additional $300,000,000 in U.S. stock purchases with $30,000,000 authorized to be appropriated annually.

COMMITTEE RECOMMENDATIONS

For capitalization of the Rural Telephone Bank [RTB], the Committee recommends an appropriation of $28,710,000, the same amount as was available for fiscal year 1986, the same amount that is provided by the House, and $28,710,000 more than the budget request.

Testimony of REA officials before the Committee shows that the interest rate for an RTB loan during the first and second quarters of fiscal year 1986 could have been 8.5 percent instead of the 9 percent which was charged, if the capitalization appropriation had not been proposed for rescission. In view of the benefit of this capitalization to RTB borrowers, as well as the unlikelihood of congressional approval of such a rescission, the Committee directs the Department to make these funds available to the RTB as soon as possible following passage of this appropriations bill or a continuing resolution which includes this funding.

RURAL COMMUNICATION DEVELOPMENT FUND

1986 appropriation	$1,196,000
1987 budget estimate	1,591,000
House allowance	1,591,000
Committee recommendation	1,591,000

The Rural Communication Development Fund was established pursuant to Secretary's memorandum No. 1988, approved May 22, 1979. The memorandum transferred certain financing authorities under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from the Farmers Home Administration to the Rural Electrification Administration for the purpose of financing and administering community antenna television services to facilities in rural areas.

COMMITTEE RECOMMENDATIONS

For the Rural Communication Development Fund, the Committee recommends an appropriation of $1,591,000. This is the same amount as the budget request and as was provided in the House bill, and $395,000 more than was provided in fiscal year 1986. These funds will be used to reimburse the RCDF for subsidies and losses sustained in prior years that have not been previously reimbursed.

SALARIES AND EXPENSES

1986 appropriation[1]	$29,447,000
1987 budget estimate	26,355,000
House allowance	29,447,000
Committee recommendation	29,447,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The REA staff furnishes management and technical assistance to borrowers for the purpose of protecting the Government's loan security, to assure that construction and operation of borrowers' systems conform to approved standards and that the electric and telephone systems continue providing reliable service on an area coverage basis.

COMMITTEE RECOMMENDATIONS

For the salaries and expenses necessary to carry out the functions of the Rural Electrification Administration for fiscal year 1987, the Committee recommends an appropriation of $29,447,000. This is the same as the amount available for fiscal year 1986, $3,092,000 above the budget estimate, and the same as the amount provided in the House bill. The budget estimate was based on the reduced loan levels included in the budget request, to which the Committee has not agreed.

The Committee concurs with the House that no funds are available for changes in the Engineering Standards Division. The Committee also reiterates its concern over the number of vacancies in this Division. In testimony earlier this year, the administration indicated there were six vacancies in the Division and that they are working to fill those vacancies. This staff deficit can seriously compromise the Division's effectiveness in performing its responsibilities for establishing and maintaining its engineering construction and materials standards. Therefore, the Committee recommends that the Department seek part-time or short-term employees, such as retired engineers, on an interim basis, or recruit full-time engineers. The Committee does not intend this recommendation to in any way relieve the Department of finding qualified full-time permanent employees to fill the vacancies in this Division as soon as possible.

TELEPHONE LOAN APPLICATIONS

Cumbersome and outdated procedures in the REA telephone program are harming rural telephone customers. Telephone cooperatives and companies are discouraged from applying to REA for loans because of expensive, time-consuming, and unnecessarily cumbersome procedures. Rural telephone customers, who are supposed to be the beneficiaries of the REA telephone program, are being penalized because of these problems, because they result in higher telephone rates.

The General Accounting Office reported that the average turnaround time for REA electric loan applications in 1985 was 79 days, while it was 560 days for the telephone program. By its own measure, REA stated the turnaround time for telephone loans was 240 days. The 79 and 240 day periods do not include assemblying the unnecessarily complicated REA loan application package, nor do they include fulfilling further requirements after the REA Administrator approves the loan but prior to actual drawdown of funds.

REA should update and streamline its procedures, taking into account the maturity of many borrowers and the fact that REA engineering standards enable REA to reduce or eliminate cumbersome rules. REA rules should be simple, uniform, and available to the public in the Code of Federal Regulations. This will allow REA to significantly reduce the processing time for telephone loans, including the period from the initial application through the time when funds are actually available to the borrower for their use. Applicants for REA telephone loans should be treated essentially the same as applicants for REA electric loans.

Conservation

Office of the Assistant Secretary for Natural Resources and Environment

1986 appropriation [1]	$363,000
1987 budget estimate [2]	395,000
House allowance	363,000
Committee recommendation	363,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Natural Resources and Environment provides direction and coordination in carrying out the laws enacted by the Congress with respect to the natural resources and environment. The Office has oversight and management responsibilities for the Soil Conservation Service and the Forest Service.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Natural Resources and Environment, the Committee recommends an appropriation of $363,000. This is the same as the adjusted 1986 level and the House bill, and $32,000 less than the budget request.

SOIL CONSERVATION SERVICE

The Soil Conservation Service [SCS] was established under authority of the Soil Conservation Act of 1935 (49 Stat. 163; 16 U.S.C. 590a–f). It has responsibility for developing and carrying out a National Soil and Water Conservation Program in cooperation with landowners and operators and other land users and developers, with community planning agencies, with regional resource groups, and with other agencies of government—Federal, State, and local. The SCS also assists in agricultural pollution control, environmental improvement, and rural community development.

The Soil and Water Conservation Program is carried on through financial and technical help to locally organized and operated conservation districts; local sponsors of watershed protection projects and resource conservation and development projects; and consultative assistance to other individuals and groups. Approximately 3,000 conservation districts cover almost 2 billion acres in all the States, Puerto Rico, and the Virgin Islands.

CONSERVATION OPERATIONS

1986 appropriation[1]	$348,340,000
1987 budget estimate	361,996,000
House allowance	361,520,000
Committee recommendation	372,566,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Conservation operations is authorized by Public Law 74–46, (16 U.S.C. 590a–590f). Activities include:

Conservation technical assistance.—Provided to district cooperators and other land users in the planning and application of conservation treatments to control erosion and improve the quantity and quality of soil resources, improve and conserve water, enhance fish and wildlife habitat, conserve energy, improve woodland, pasture and range conditions, and reduce upstream flooding; all to protect and enhance the natural resource base.

Inventory and monitoring.—Provides soil, water, and related resource data for land conservation, use, and development; guidance of community development; identification of prime agricultural producing areas that should be protected; use in protecting the quality of the environment; and to issue periodic inventory reports of resource conditions.

Soil surveys.—Made to inventory the Nation's basic soil resources and to determine land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other Federal agencies, State and local organizations.

Snow survey and water forecasting.—Developed from basic data collected to provide estimates of annual water availability from high mountain snow packs and relating this to summer stream flow in the western States and Alaska. Information is used by agriculture, industry, and cities in estimating future water supplies.

Plant materials centers.—Assemble, test, and encourage increased use of plant species which show promise for use in the treatment of conservation problem areas.

Resource appraisal and program development.—Ensures that programs administered by the Secretary of Agriculture for the conservation of soil, water, and related resources shall respond to the Nation's long-term needs. This program is authorized by the Soil and Water Resources Conservation Act, Public Law 95–192, November 18, 1977 (16 U.S.C. 2001), as amended by the Food Security Act of 1985, Public Law 99–198.

COMMITTEE RECOMMENDATIONS

For conservation operations for fiscal year 1987, the Committee recommends an appropriation of $372,566,000. This is $24,226,000 more than the amount available in 1986, $10,570,000 more than the budget estimate, and $11,046,000 more than the amount provided in the House bill. None of the funds provided in this appropriation are to be used to terminate any activities in the conservation operations programs.

The Food Security Act of 1985 (Public Law 99–198) contains the most comprehensive provisions of soil and water conservation of any legislation enacted into law. These include the highly erodible land conservation provisions, cross-compliance provisions, sodbuster and swampbuster provisions, as well as a requirement that lands taken into Farmers Home Administration inventory have an applicable conservation plan. These sections of the farm bill require, among other things, that any highly erodible field must have a conservation plan—approved by SCS—by 1990, except in certain limited situations. If there is no plan being actively applied by 1990, the producer of a crop on such land will be ineligible for virtually any assistance from the U.S. Department of Agriculture, including programs of the Commodity Credit Corporation, the Farmers Home Administration, and the Federal Crop Insurance Corporation.

Due to the significant expansion in the SCS workload which will be required by farmers' needs for technical assistance under these provisions, the Committee is recommending a sizable increase in the technical assistance portion of the "Conservation operations" account. This includes $12,125,000 for the restoration of the March 1, 1986, sequester (Public Law 99–177), $3,307,000 requested by SCS for increased operating costs, and a $5,000 000 general increase, for a total increase of $20,432,000. In utilizing technical assistance funds, priority is to be given to assisting producers who must comply with the conservation provisions of the farm bill. In view of this priority, SCS should evaluate the actual need for additional funding in future years for technical assistance and should request appropriations for fiscal year 1988 commensurate with its findings. To the extent possible, the amount necessary to assist land within approved watershed projects should be identified.

It is the Committee's intent that SCS utilize only those funds necessary to meet the minimum requirements for updating the resource inventory, continue only existing resource appraisal demonstration projects, and apply remaining funds identified for these purposes to technical assistance.

Other increases in the "Conservation operations" account include $1,108,000 for operating expenses of the other conservation operations activities, $1,000,000 for soil surveys, and $1,000,000 for snow survey and water forecasting activities.

The Committee also recommends $250,000 to initiate a pilot project to demonstrate the use and efficiency of land information systems for conservation policy planning and implementation in Dane County, WI.

Furthermore, the Committee recommends $436,000 to establish a plant materials center in Arkansas. The center would serve Arkansas, eastern Oklahoma, and southern Missouri, areas not currently served by existing centers. This center will be operated at the Small Farms Research Center in Booneville.

Funding is included at the adjusted fiscal year 1986 level for the Chesapeake Bay Restoration Program, the Colorado River Basin Salinity Control Program, the ground water study currently underway in Arkansas, and the back-irrigation study in Michigan.

The Committee directs the Soil Conservation Service to continue to provide $150,000 in technical assistance to soil conservation districts in Idaho for measures under the agricultural abatement plan which was completed in 1979 in response to Public Law 92-500, the Clean Water Act.

The Committee has included bill language preventing SCS from consolidating its four national technical centers into a single national technical center. The Committee is concerned about reports of efforts to implement this consolidation through a back-door method of giving primary emphasis to filling positions at the Southern National Technical Center rather than hiring at all four centers on an equal basis. The Committee will expect the Department in the future to fill any open positions in an equitable fashion among the four centers.

The Committee recommends striking the House's limitation on personnel compensation and benefits, as this restricts the flexibility of SCS to fiscally manage its programs as it sees fit. The minimum staff-year ceiling included in the general provisions section of the bill should satisfy any concerns that a proper staffing level be maintained.

RIVER BASIN SURVEYS AND INVESTIGATIONS

1986 appropriation [1]	$14,166,000
1987 budget estimate	9,472,000
House allowance	14,166,000
Committee recommendation	9,472,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Soil Conservation Service administers a program which involves cooperation with other Federal, State, and local agencies in order to aid in the development of coordinated water resource programs. The Service has general responsibility for administration of activities consisting of investigations and surveys of proposed small watershed projects in response to requests made by sponsoring local organizations, and assistance to sponsors in the development of watershed work plans.

This program is authorized by the Watershed and Flood Prevention Act, Public Law 83-566, section 6, August 4, 1954 (16 U.S.C. 1006).

COMMITTEE RECOMMENDATIONS

For river basin surveys and investigations for fiscal year 1987, the Committee recommends an appropriation of $9,472,000. This is $4,694,000 less than the amount available in 1986 and the House allowance. While this is the same amount as proposed in the budget estimate, none of the funds provided under this appropriation are to be used for termination or phasedown costs as proposed by the budget. The Committee is making this reduction in order to place additional emphasis on, and redirect funds to, technical assistance, as described under the "Conservation operations" account. This shifts SCS's emphasis from study-oriented to application-oriented activities.

Of the amount recommended above, West Virginia is to receive no less than the amount provided in fiscal year 1986.

WATERSHED PLANNING

1986 appropriation[1]	$8,480,000
1987 budget estimate	6,480,000
House allowance	8,480,000
Committee recommendation	8,480,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Department cooperates with the States and other agencies in planning works of improvement in small watersheds to reduce damage from floodwater, sediment, and erosion and for the conservation, development, utilization, and disposal of water, as authorized by the Watershed and Flood Prevention Act, as amended, Public Law 83-566, August 5, 1954 (16 U.S.C. 1001-1008).

The Department makes surveys of proposed small watershed projects, and prepares work plans in cooperation with local sponsors. These plans outline the soil and water management problems in the watershed, the steps that have been or are authorized to be taken to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, the cost sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.

COMMITTEE RECOMMENDATIONS

For watershed planning for fiscal year 1987, the Committee recommends an appropriation of $8,480,000. This is the same amount as was available in 1986, $2,000,000 more than the budget estimate, and the same as the amount provided in the House bill. None of the funds provided under this appropriation are to be used for termination or phasedown costs.

WATERSHED AND FLOOD PREVENTION OPERATIONS

1986 appropriation [1] [2]	$257,400,000
1987 budget estimate	67,778,000
House allowance	174,885,000
Committee recommendation	156,885,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] Includes a supplemental of $36,700,000 provided in Public Law 99-349.

The appropriation "Watershed and flood prevention operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1005, 1007-1008) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) and sections 403-405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203-2205), which relate to installation of individual watershed projects, flood prevention subwatershed projects, and emergency watershed protection.

The Soil Conservation Service has general responsibility for administration of activities which include cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement to reduce erosion, floodwater, and sediment damage; conserve, develop, utilize, and dispose of water; plan and install works of improvement for flood prevention including the development of recreational facilities and the improvement of fish and wildlife habitat; and loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement as authorized by Public Law 566, Public Law 534, and section 216 of the Flood Control Act of 1950. The Farmers Home Administration administers the Loan Program.

COMMITTEE RECOMMENDATIONS

For watershed and flood prevention operations for fiscal year 1987, the Committee recommends an appropriation of $156,885,000. This is $100,515,000 less than the amount provided in 1986, $89,107,000 over the budget estimate, and $18,000,000 less than the amount provided in the House bill. None of the funds provided under this appropriation are to be used for termination or phasedown costs. The amount provided by the Committee will not affect the installation of structural measures assisted through this account.

The reduction from the 1986 level consists of an adjustment to reflect the traditional level of spending for this program (reduced by 4.3 percent) as reflected in the House level, and a transfer of $18,000,000 in technical assistance and land treatment funds to the "Conservation operations" account. Financial assistance funds are not reduced by this action.

In providing this transfer of a portion of the technical assistance funds from this account, the Committee intends to place emphasis on technical assistance for land which is required to be in compliance with the conservation provisions of the farm bill. If any such land is within a designated watershed area, technical assistance will continue to be applied, with the county worker's time charged against the "Conservation operations" account rather than this account. It should also be noted that over $60,000,000 remains in this account for technical assistance for land which may not meet the above-mentioned priority requirements.

The Committee understands that the Soil Conservation Service has recommended the construction of the English Coulee water project in North Dakota, the Federal cost of which is $2,493,000. While the Senate has approved the project's authorization, the House has not yet acted on it. Therefore, the Committee expects the money to be made available as soon as this project is authorized.

Included in the amount provided by the Committee is $4,755,000 for emergency watershed protection measures and $5,400,000 for the Yazoo River Basin demonstration project.

Ongoing small watershed protection activities in West Virginia are to proceed as scheduled, including the Upper Mud and South Fork Channel projects.

RESOURCE CONSERVATION AND DEVELOPMENT

1986 appropriation[1]	$25,020,000
1987 budget estimate	11,400,000
House allowance	25,020,000
Committee recommendation	25,020,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Section 102 of the Food and Agriculture Act of 1962 (Public Law 87-703), (16 U.S.C. 1010-1011) and sections 1528-1538 of the Agriculture and Food Act of 1981 (Public Law 97-98) provide authority to assist locally sponsored resource conservation and development projects to conduct programs of land conservation and use in areas where acceleration of present conservation activities are needed and where projects add economic opportunities to the people. Projects may include such measures as flood prevention; developing water resources for recreation, wildlife, agricultural, municipal, or industrial use; conservation planning and establishment on individual land units; improving recreation facilities, including historical and scenic attractions; encouraging new industries to locate in the area and to process products of the area; improving markets for crop and livestock products; upgrading and protecting the quality of the environment; and long-range planning to coordinate public efforts in the area.

Activities include conducting investigations and surveys to help develop programs and plans of land conservation and utilization; providing technical services and financial assistance to sponsors, local groups, and individuals; and making loans for resource improvements and developments in approved projects. The Farmers Home Administration administers the Loan Program.

COMMITTEE RECOMMENDATIONS

For the Resource Conservation and Development [RC&D] Program for fiscal year 1986, the Committee recommends an appropriation of $25,020,000. This is the same amount that was available in 1986,

$13,620,000 more than the budget estimate, and the same as the level provided in the House bill.

GREAT PLAINS CONSERVATION PROGRAM

1986 appropriation[1]	$20,474,000
1987 budget estimate	....
House allowance	20,474,000
Committee recommendation	20,474,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Great Plains Conservation Program is authorized by Public Law 84–1021, as amended, (16 U.S.C. 590p(b)). The program's objective is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the 10 Great Plains States.

This program provides cost-sharing assistance and technical services to participating landowners or operators in the Great Plains area in the development and installation of long-term conservation plans and practices for their land. It is a voluntary program which complements other conservation programs of the Department in 518 designated counties of 10 Great Plains States. Contracts with individual landowners range from 3 to 10 years.

Program regulations provide that cost-share rates offered in any contract shall not exceed 80 percent of the cost of installing eligible practices within the designated county. The rates vary among States and practices because of differences in conservation and program needs. Cost-sharing for irrigation practices in any one contract shall not exceed $10,000. There is also a cost-sharing limitation of $35,000 for any contract.

COMMITTEE RECOMMENDATIONS

For the Great Plains Conservation Program for fiscal year 1987, the Committee recommends an appropriation of $20,474,000. This is the same amount that was available in 1986, $20,474,000 more than the budget estimate, and the same that was provided in the House bill.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

AGRICULTURAL CONSERVATION PROGRAM

1986 appropriation[1]	$180,739,000
1987 budget estimate	....
House allowance	180,739,000
Committee recommendation	176,935,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Agricultural Conservation Program [ACP] is authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (Public Law 74–46), as amended and supplemented; sections 1001–1004, 1006–1008, and 1010 of the Agricultural Act of 1970 (Public Law 91–524), as added by the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86); and the Energy Security

Act of 1980 (Public Law 96–294). It is carried out in accordance with the national program for soil and water conservation priority commitment to conservation, which provides for the redirection of conservation program activities to focus on the highest priority resource problems and the areas of the country most acutely affected by these problems. A targeted area receives extra assistance until its problem has been brought under control. The program's primary objective is to conserve the Nation's agricultural soil and water resources in order to ensure a continuing adequate supply of food and fiber while enhancing the environment. Reduction of soil erosion is the first concern in conservation efforts.

The ACP is a primary channel through which the Federal Government shares with farmers and ranchers the cost of carrying out approved soil, water, woodland, and wildlife conservation practices on their land to help solve critical conservation problems and improve water quality. Through the ACP farmers and landowners receive assistance of up to 75 percent of the cost of performing enduring conservation practices that would not be carried out without ACP assistance. A variable cost-share level is also used by counties on a voluntary basis to help get more conservation on the land for the same or less cost by better relating cost-share levels to the severity of the erosion and the amount of soil savings obtained. Payment is provided at levels commensurate with the severity of the erosion and the degree of success in solving the problems.

The program is developed jointly by ASC committees, the Soil Conservation Service, the Forest Service, and in most instances, the soil and water conservation districts and State conservation commissions. Program development is in consultation with national, State, and county ACP conservation review groups, the Cooperative Extension Service, the Farmers Home Administration, and representatives of local agencies and nongovernmental organizations. The Soil Conservation Service, Forest Service, and State forestry agencies provide technical program guidance to ASC committees as well as technical aid to farmers in carrying out conservation projects. The ACP is administered by ASC State, county, and community farmer-elected committees, working under the general direction of ASCS.

COMMITTEE RECOMMENDATIONS

For the Agricultural Conservation Program [ACP] for fiscal year 1987, the Committee recommends an appropriation of $176,935,000. This is $3,804,000 less than the 1986 adjusted level and the amount provided by the House. The Department anticipates a carryover balance of between $50,000,000 and $60,000,000 into 1987. There was no budget request for this program.

The reduction of $3,804,000 has been used to establish a new account for the Colorado River Basin Salinity Control Program. In the past, this program has been funded from within the Agricultural Conservation Program.

FORESTRY INCENTIVES PROGRAM

1986 appropriation[1]	$11,891,000
1987 budget estimate	
House allowance	11,891,000
Committee recommendation	11,891,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Forestry Incentives Program is authorized by section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103). Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial private forest lands, to decrease, over time, expected shortages and rising prices of timber, and to help ensure effective use of available forest lands. Program objectives are met by providing cost share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timber stand improvement.

COMMITTEE RECOMMENDATIONS

For the Forestry Incentives Program [FIP] for fiscal year 1987, the Committee recommends an appropriation of $11,891,000. This is the same as the adjusted amount provided in 1986, the same as was provided in the House bill, and $11,891,000 more than the budget estimate.

Section 1254 of the Food Security Act of 1985 (Public Law 99–198) allows reamortization of Farmers Home Administration loans, or portions thereof, with the use of future revenue produced from the planting of softwood timber crops on certain marginal lands. The Forestry Incentives Program, by providing valuable technical and cost-sharing assistance, may prove to be an essential element in allowing the borrowers of these distressed loans to continue farming.

WATER BANK PROGRAM

1986 appropriation[1]	$8,371,000
1987 budget estimate	
House allowance	5,000,000
Committee recommendation	8,371,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Water Bank Program is authorized by the Water Bank Act, approved December 19, 1970, and amended by Public Law 96–182, approved January 2, 1980. Its objectives are to conserve surface water; preserve and improve migratory waterfowl and wildlife-related resources; reduce runoff, soil, and wind erosion; improve flood control; contribute to improved soil moisture; reduce the acreage of land brought into agricultural production; retire land now in production; enhance landscape aesthetics; and promote comprehensive water management planning. Agreements are entered into with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas for the conservation of specified wetlands. The agreements are for 10 year periods with provision for renewals for additional periods. Rates are established by the ASC State committee based on prevailing local land values. Payment rates may be adjusted at the beginning of the fifth year of the agreements to reflect current land values.

COMMITTEE RECOMMENDATIONS

For the Water Bank Program for fiscal year 1987, the Committee recommends an appropriation of $8,371,000. This is the same amount as was provided in 1986, $8,371,000 more than the budget estimate, and $3,371,000 more than was provided in the House bill.

EMERGENCY CONSERVATION PROGRAM

1986 appropriation[1]	$5,000,000
1987 budget estimate	
House allowance	
Committee recommendation	

[1] Provided in Public Law 99-349.

This appropriation provides special funds for sharing the cost—up to 80 percent—of emergency measures to deal with cases of severe damage to farm and rangelands resulting from natural disasters. The program is authorized by the Agricultural Credit Act of 1978.

Assistance is made available to correct new conservation problems which (1) if not treated will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage which is unusual in character and except for wind erosion, is not the type which would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

COMMITTEE RECOMMENDATIONS

For the Emergency Conservation Program for fiscal year 1987, the Committee recommends no appropriation in this bill. This is $5,000,000 less than the amount provided in 1986 and the same as the budget estimate and House allowance.

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

1986 appropriation	
1987 budget estimate	
House allowance	$3,804,000
Committee recommendation	3,804,000

The Colorado River Basin Salinity Control Program was established by section 101 of title II of the Colorado River Basin Salinity Control Act of 1974 (Public Law 93-320), as amended. The program is a cooperative endeavor by the Agricultural Stabilization and Conservation Service [ASCS], Soil Conservation Service [SCS], and Extension Service [ES]. The program is to assist landowners and others in the Colorado River Basin in establishing on-farm irrigation management systems and related lateral improvement measures to decrease the salt load and sedimentation level in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico.

COMMITTEE RECOMMENDATION

For the Colorado River Basin Salinity Control Program for fiscal year 1987, the Committee recommends $3,804,000, the same as the amount provided in the House bill. This is approximately the same amount as was available for this program in 1986 under another account.

In prior years, funding for the Colorado River Basin Salinity Control Program was included in the Agricultural Conservation Program. By providing a separate appropriation, 30 percent of the funds will be reimbursed by the States on a cost-share basis. It is anticipated that implementation of this program in this manner now will result in savings to the Federal Government in the years ahead.

The Soil Conservation Service will continue to provide technical assistance for this program at the adjusted fiscal year 1986 level.

TITLE III—DOMESTIC FOOD PROGRAMS

OFFICE OF THE ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES

1986 appropriation[1]	$330,000
1987 budget estimate[2]	358,000
House allowance	330,000
Committee recommendation	330,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] The 1987 budget proposed that each Under and Assistant Secretary be funded in a single account in Office of the Secretary.

The Office of the Assistant Secretary for Food and Consumer Services provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's food and consumer activities. The Office has oversight and management responsibilities for the Food and Nutrition Service, and Human Nutrition Information Service.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Food and Consumer Services, the Committee recommends an appropriation of $330,000, the same as the 1986 adjusted amount and the level provided in the House bill. This is $28,000 less than the budget estimate.

FOOD AND NUTRITION SERVICE

The Food and Nutrition Service was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 United States Code 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and encourage better eating patterns among the Nation's children. The programs are:

Food Stamp Program.—Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The Food and Nutrition Service administers the program in cooperation with State welfare agencies and provides for the full cost of the food stamps themselves in addition to sharing direct and indirect administrative costs incurred by the States on a 50–50 basis. If, however, States reduce their error rates below the 5-percent level, they are eligible to receive enhanced funding of 60 percent. In addition, States receive 75 percent of their costs incurred for developing food stamp computer systems and 75 percent of their costs for fraud investigations and prosecutions. Funds for this program are provided by direct appropriation.

Child nutrition programs.—The child nutrition programs—the national school lunch, school breakfast, summer food service, and child care food programs—provide funding for the service of nutritious meals to needy children and other children attending schools, child care institutions, and summer recreational programs as a means of safeguarding the health and proper physical development of the Nation's children. The Food and Nutrition Service works through State agencies, providing them with cash and commodities for use in preparing and serving meals, and administers the various child nutrition programs directly in cases where the State has chosen not to administer the programs. Funds for these programs are provided by direct appropriation and transfer from section 32.

Special Milk Program.—The Special Milk Program provides funding for milk service in schools, nonprofit child care centers, and camps which have no other federally assisted food programs. This milk is provided to children either free or at a low cost. The Food and Nutrition Service provides cash subsidies to State-administered programs and directly administers the program in States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special supplemental food programs.—The Food and Nutrition Service administers two programs—the Special Supplemental Food Program [WIC] and the Commodity Supplemental Food Program [CSFP]—which provide supplemental foods to pregnant, postpartum, and breast-feeding women; infants; and young children.

In the WIC program, pregnant, postpartum, and breast-feeding women, and infants and children up to 5 years of age who are found to be at nutritional risk, receive supplemental foods from their local health clinics. State departments of health receive cash grants from the Food and Nutrition Service for this activity. Twenty percent of the total program funding is provided to the States for State and local administrative costs. Funds for this program are provided by direct appropriation.

The Commodity Supplemental Food Program provides supplemental food to a target population similar to that of the WIC program. The foods, however, are purchased directly by the Department of Agriculture and distributed to eligible women, infants, and children up to 6 years of age through State and local agencies. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses at a rate of 15 percent of appropriated funding plus 15 percent of the value of commodities donated as part of the food package. Congress gave USDA authority to operate elderly feeding pilot projects [EFPP] in three locations. Using CSFP local agency sites and various commodities provided through CSFP, these pilot projects focus on volunteer delivery of food packages to homebound elderly persons. Funds for these programs are provided by direct appropriation.

Cash and commodities for selected groups.—The Food and Nutrition Service administers the Needy Family Program which provides nutritious agricultural commodities to eligible low-income households on or near Indian reservations and in the Trust Territory of the Pacific Islands. The program also helps to expand markets for food produced by American farmers. Monthly packages of USDA donated commodites are distributed to beneficiary households from local warehouse facilities. Participating agencies can order food items according to households' preferences. Participants receive information about nutrition, proper food storage, sanitary food preparation methods, and suggestions for using donated foods from nutritionists, county extension home economists, and other sources. Funds for this program are provided by direct appropriation.

The nutrition program for the elderly provides nutritious meals for elderly people. State agencies on aging designate area agencies on aging to plan and coordinate the nutrition program through local outlets. The State agencies on aging request USDA-donated foods, cash in lieu of food, or a combination of both to provide meals to the elderly at various sites. The amount of food or cash that USDA gives each State is based on the number of meals served in the program and the level of available funds. Funds for this program are provided by direct appropriation.

Nutrition assistance for Puerto Rico.—As a result of the Omnibus Reconciliation Act of 1981, the Food and Nutrition Service now provides the Commonwealth of Puerto Rico with a nutrition assistance block grant, which gives the Commonwealth broader flexibility to establish a food assistance program specifically tailored to the needs of its low-income households. Beginning July 1, 1982, the Commonwealth has been providing food assistance to low-income households in the form of cash grants, rather than coupons. The Omnibus Budget Reconciliation Act of 1982 prohibited the use of cash for nutrition assistance in the Commonwealth after fiscal year 1983. Public Law 98–204, approved December 2, 1983, postponed the effective date of the noncash provision until October 1, 1985. The noncash provision was then deleted by the Food Security Act of 1985 (Public Law 99–198).

Temporary Emergency Food Assistance Program [TEFAP].—The Temporary Emergency Food Assistance Program provides funding for the intrastate storage and distribution of USDA donated commodities. The funds are made available to State and local distributing organizations through grants administered by the Food and Nutrition Service.

Under this program, assistance may be provided to cover the costs incurred by charitable institutions, food banks, hunger centers, soup kitchens, and similar nonprofit eligible recipient agencies providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

The allocation of funds to the States is based upon a formula which considers the States' unemployment level and the number of persons with incomes below the poverty level.

Food Program administration.—This account provides for the salaries and operating expenses of the Food and Nutrition Service. Headquarters of the Service is at Park Office Center in Alexandria, VA. The Food and Nutrition Service maintains the following seven regional offices: Burlington, MA; Robbinsville, NJ; Atlanta, GA; Chicago, IL; Dallas, TX; Denver, CO; and San Francisco, CA. On September 30, 1984, there were 2,047 full-time permanent and 134 part-time and temporary employees in the agency. Of these, 991 employees were located in the seven regional offices and 641 in the Alexandria headquarters. In addition, 549 employees were stationed in 122 field locations including 41 food stamp compliance offices, 1 computer support center, 6 administrative review offices, and 74 field offices.

CHILD NUTRITION PROGRAMS

	Appropriation	Transfer from sec. 32	Total
1986 appropriation[1]	[2] $842,404,000	($3,271,592,000)	($4,113,996,000)
1987 budget estimate	230,413,000	(3,227,923,000)	(3,458,336,000)
House allowance	[3] 937,680,000	(3,295,937,000)	(4,233,617,000)
Committee recommendation	937,680,000	(3,295,937,000)	(4,233,617,000)

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Of this amount, $240,949,000 shall be available only to the extent an official budget request is transmitted to Congress.

[3] Of this amount, $775,281,000 shall be available only to the extent an official budget request is transmitted to Congress.

The child nutrition programs, authorized by the National School Lunch Act and the Child Nutrition Act of 1966, subsidize meals served to children. The programs reach children not only through schools but also through a variety of other institutions. A general description of the programs follows.

1. Cash payments to States.—The programs are operated under an agreement entered into by the State agencies and the Department. Funds are made available under letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies, and if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreement and rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for Food Away From Home.

(a) School Lunch Program.—Assistance is provided to the States for the service of lunches to all school children, regardless of family income. States must match some of the Federal cash grant. In fiscal year 1986, the School Lunch Program will provide assistance for serving an estimated 3,949,000,000 school lunches including 1,998,000,000 for children from middle- and upper-income families and 1,951,000,000 for children from low-income families. Schools which, in the second previous fiscal year, served at least 60 percent of their lunches at free or reduced prices receive an additional 2 cents per meal assistance. An estimated 23,600,000 children are estimated to have participated in the program daily during the school year.

(b) Special assistance for free and reduced price lunches.—Additional assistance is provided to the States for serving lunches free or at a reduced price to needy children. In fiscal year 1986 under current law, the program will provide assistance for about 1,951,000,000 lunches, of which 1,687,000,000 will be served free of charge and 264,000,000 at reduced price. Approximately 11,700,000 needy children will participate in the program on an average school day during the year.

(c) School Breakfast Program.—Federal reimbursement to the States is based on the number of breakfasts served free, at a reduced price, or at the general rate for those served to nonneedy children. Certain schools, designated in severe need, because, in the second preceding year, they served at least 40 percent of their lunches at free or reduced prices and because the regular breakfast reimbursement is insufficient to cover costs, receive higher rates of reimbursement in both the free and reduced price categories. In fiscal year 1986, the program will serve an estimated 610,000,000 breakfasts to a daily average of 3,600,000 children.

(d) State administrative expenses.—The funds may be used for State employee salaries, benefits, support services, and office equipment. Public Law 95–627 made the State administrative expenses grant equal to 1½ percent of Federal payments in the second previous year.

(e) Summer Food Service Program.—Meals served free to children in low-income neighborhoods during the summer months are supported on a performance basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses. During the summer of 1986, approximately 79,000,000 meals will be served to about 1,600,000 children in the peak month.

(f) Child Care Food Program.—Preschool children receive year-round food assistance in nonprofit child care centers and family and group day care homes under this program. Public Law 97–35 permits profit-making child care centers receiving compensation under title XX of the Social Security Act to participate in the program if 25 percent of the children served are title XX participants. The Child Care Food Program reimburses State agencies at varying rates for breakfasts, lunches, suppers, and meal supplements and for program-related State audit expenses. In fiscal year 1986, approximately 682,000,000 meals will be served to a daily average of 1,100,000 children.

2. Commodity procurement.—The program provides commodities to schools for the lunch and breakfast programs, and to institutions in the child care and summer feeding programs. Commodities are also acquired under programs that strengthen markets, income, and supply (section 32 funds).

3. Nutrition studies and education.—

(a) Nutrition studies and surveys.—In fiscal year 1986, the funds appropriated for this purpose will be used for several studies. Included among these are an evaluation of quality assurance procedures in the school nutrition programs; a study of sales verification procedures as they related to commodity processing in the child

nutrition programs; a national study of school food purchases; and an evaluation of the efficiency of State commodity distribution systems.

(b) Nutrition education and training.—Public Law 95–166 instituted a program of grants to the States for nutrition education in schools. In fiscal year 1986, $5,000,000 will be made available to the States for nutrition education and training.

COMMITTEE RECOMMENDATIONS

For the child nutrition programs for fiscal year 1987, the Committee recommends an appropriation of $937,680,000, plus transfers from section 32 of $3,295,937,000 for a total program of $4,233,617,000. This is $119,621,000 more than the fiscal year 1986 program level, the same amount as provided by the House, and an increase of $775,281,000 above the budget request.

The Committee does not concur with the House in making $775,281,000 available only to the extent that an official budget request is transmitted to the Congress. However, the Committee reiterates its insistence that the administration make its request for funding based on current law in the future.

The Committee's recommendation provides for the child nutrition programs at the following annual rates:

Total obligational authority

	Amount
Child nutrition programs:	
School Lunch Program	$557,092,000
Special assistance for free and reduced price lunches	2,355,993,000
School Breakfast Program	436,423,000
State administrative expenses	51,217,000
Summer Food Service Program	132,748,000
Child Care Food Program	541,733,000
Commodity procurement	150,941,000
Nutrition studies and surveys	2,470,000
Nutrition education and training	5,000,000
Total available	4,233,617,000

SPECIAL MILK PROGRAM

1986 appropriation	$11,500,000
1987 budget estimate	
House allowance	14,869,000
Committee recommendation	14,869,000

The Special Milk Program subsidizes the consumption of milk by children in nonprofit schools of high school grade or under, summer camps, and similar institutions that do not participate in another meal service program. The authority for the program is section 3 of the Child Nutrition Act of 1966 or the National School Lunch Act.

In fiscal year 1986 approximately 170,000,000 half-pints will be served in the Special Milk Program. These include about 160,700,000 half-pints served to children whose family income is above 130 percent of poverty and about 9,300,000 half-pints served free to children whose family income is at or below 130 percent of poverty. During fiscal year 1986, the average full cost reimbursement for milk served to needy children is expected to be 15.29 cents for each half-pint. Milk served to nonneedy children is expected to be reimbursed at 9.44 cents for each half-pint.

COMMITTEE RECOMMENDATIONS

For the Special Milk Program for fiscal year 1987, the Committee has recommended $14,869,000 to fully fund the program in those institutions which remain eligible. This is $3,369,000 more than the amount provided in 1986, the same as the House allowance, and $14,869,000 above the budget request. The appropriation of $14,869,000, combined with $1,384,000 of carryover funds from fiscal year 1986, will allow for a total program of $16,253,000 for fiscal year 1987. These funds shall remain available for 2 years, as in the past, and the Committee has included an amendment which will provide that availability.

The legislation proposed by the administration for enactment on July 1, 1986, was not enacted and, therefore, the Committee rejects the budget request to make legislative changes in this appropriations bill.

FEEDING PROGRAM FOR WOMEN, INFANTS, AND CHILDREN [WIC]

1986 appropriation [1] [2]	$1,580,494,000
1987 budget estimate	1,617,000,000
House allowance	1,671,500,000
Committee recommendation	1,655,494,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Includes $20,000,000 provided in Public Law 99–349.

The Special Supplemental Food Program (Women, Infants and Children—WIC) is authorized by section 17 of the Child Nutrition Act of 1966, as amended. The authorization was extended by the continuing resolution for fiscal year 1986, Public Law 99–190. The program makes funds available to local health clinics through State departments of health and to Indian tribes to provide supplemental foods to low-income pregnant, postpartum, and breast-feeding women, infants and children up to 5 years of age who are determined by competent medical or nutritional professionals to be at nutritional risk. In fiscal year 1986 the program funds are expected to support an average monthly participation of 3,000,000 participants at an average cost of $41.13 per person per month.

The WIC program food packages are designed to provide foods which studies have demonstrated are lacking in the diets of the WIC program target population. The authorized supplemental foods are iron-fortified infant formula, infant cereal, milk, cheese, eggs, iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans and peas, and peanut butter.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. The food is free of charge to all participants.

Twenty percent of the total available funds (except for funds appropriated for program evaluation) are allocated among the States for administrative costs associated with the WIC program. These costs include certifying participant eligibility, food delivery, and warehousing, monitoring, nutrition education, financial management, clinic operations, and administration by the State agency. Not less than one-sixth of these administrative funds must be used for nutrition education activities.

Public Law 95–627 requires one-half of 1 percent of program funds, not to exceed $3,000,000, to be made available for evaluation of program performance.

COMMITTEE RECOMMENDATIONS

For the Special Supplemental Food Program for women, infants, and children [WIC] for fiscal year 1987, the Committee recommends an appropriation of $1,655,494,000. This is $75,000,000 more than was provided in 1986, $38,494,000 more than the budget estimate, and $16,006,000 less than is provided in the House bill. Once again, the Committee has rejected the budget proposal to consolidate WIC and CSFP into one account.

The Committee has been, and is, a strong supporter of the WIC program. The program has demonstrated over the years its effectiveness in delivering nutritional meals to pregnant women and children, and the significant benefits of the program have been documented.

The Committee has reviewed the national evaluation of the WIC program that was released by the Department in early 1986. That report indicated some of the benefits, among others, of the WIC program to be fewer premature births, a reduction in low birth weight infants, an increase in length of gestation, and an improvement in the intake of energy and other important nutrients. These benefits translate into supplemental benefits of reduced infant mortality, savings in hospital and health care costs, and other attendant advantages.

The positiveness of the evaluation lends further support to maintaining the WIC program. Due to the documented benefits and because the Committee is concerned with reports that WIC is serving only one-third to one-half of the eligible population, the Committee has included an increase of $75,000,000 over the 1986 adjusted level for expansion of the current program.

The Committee also believes that further evaluation of the program would be extremely beneficial in determining longer-term benefits accruing to WIC recipients, as well as WIC-recipient children. Therefore, the Committee directs the Department to reinstitute its proposal to do a followup study to the national evaluation which would test whether WIC benefits in pregnancy have an effect on the growth and development of preschool children. The Committee expects the Department to use a portion of the funds which are set aside by law for evaluation of program performance to conduct this followup study.

The Committee includes bill language which prohibits the use of funds to issue new regulations before June 1, 1987, or implement new regulations prior to October 1, 1987, which would change the formula by which funds for WIC are allocated among the States. The current formula was developed in 1983 after a consensus was reached following lengthy discussions and meetings with interested parties, including the State WIC directors. This year, the Department issued proposed regulations in the Federal Register before a consensus was reached. The Committee directs the Department to consult with the State WIC directors and other interested parties in an attempt to arrive at a consensus before any further regulations are issued.

The recently published proposed regulations base the allocation of remaining funds (after providing each State with its food costs for the preceding year) upon factors which are dominated in large measure by the number of participants the State previously served. This can easily have the effect of preventing States which serve a low percentage of their eligible population from significantly improving that percentage. In contrast, the current formula is constructed in a manner which facilitates improvement for such States. The Committee urges the Department to work toward development of a new formula which does not have the potential to lock in a State at a below-average percentage of eligibles served.

COMMODITY SUPPLEMENTAL FOOD PROGRAM [CSFP]

1986 appropriation	$36,777,000
1987 budget estimate	38,605,000
House allowance	41,497,000
Committee recommendation	41,497,000

The Commodity Supplemental Food Program [CSFP] is authorized by section 4(a) of the Agricultural and Consumer Protection Act of 1973, as amended in 1981 by Public Law 97–98. This program provides supplemental foods to infants and children up to age 6 and to pregnant, postpartum, and breast-feeding women who have low incomes and are residing in approved project areas.

In fiscal year 1986 approximately 147,000 women, infants, and young children will receive food packages each month. The foods are provided by the Department of Agriculture for distribution through State agencies. The authorized commodities are iron-fortified infant formula, rice cereal, canned juice, evaported milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry, egg mix, dehydrated potatoes, farina, and peanut butter or dry beans.

Funds are made available for State and local costs associated with the administration of the program not to exceed 15 percent of the total amount appropriated minus elderly pilot project funding. Allowable costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

The Food Stamp and Commodity Distribution Amendments of 1981 (Public Law 97–98) authorized the institution of two pilot commodity distribution projects directed at low-income elderly persons. Detroit, MI, and Des Moines, IA, were selected as pilot sites. A third project, authorized by the 1983 Agriculture Appropriations Act (Public Law 97–370) was established in New Orleans, LA, in December 1982. Congress provided not less than $2,950,000 for the elderly pilot projects in fiscal year 1986 appropriations, (Public Law 99–190).

COMMITTEE RECOMMENDATIONS

For the Commodity Supplemental Food Program [CSFP], the Committee recommends an appropriation of $41,497,000, $4,720,000 more than the adjusted amount for fiscal year 1986, the same amount as the House allowance, and $2,892,000 more than the budget request. The Committee concurs with the bill language provided by the House which prohibits the use of CSFP funds to purchase commodities from the Commodity Credit Corporation [CCC]. Surplus commodities in the CCC inventory should be donated to the CSFP program.

The Food Security Act of 1985 requires that if sufficient funds exist within the appropriation for the Commodity Supplemental Food Program, the Department should fund applications for new CSFP projects. The Committee is aware that applications are on file or are in the process of being prepared by several States, and expects the Department to fund these applications to the full extent that the appropriation allows without reducing current CSFP caseloads (except in cases where some of the current caseload cannot be used) for women, infants, and children or low-income elderly persons. The Committee directs the Department to report within 90 days of enactment of this act on the actions it has taken to fund CSFP projects in new areas.

FOOD STAMP PROGRAM

1986 appropriation [1]	$12,637,703,000
1987 budget estimate	12,343,579,000
House allowance	12,684,665,000
Committee recommendation	12,684,665,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Food Stamp Program, which is authorized through September 30, 1990, by the Food Security Act of 1985, helps individuals and families with low incomes to obtain a more nutritious diet. Eligible participants are entitled to food stamp allotments based on their household size and net income after provision has been made for certain deductions. The food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance of the Food Stamp Program.

The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands, and Guam. Participating households receive food stamps whose value is determined by household size and income. The cost of the stamps is paid by the Federal Government and is called benefit cost. As required by law, the food stamp allotments for the various household sizes are periodically revised to reflect changes in the cost of the thrifty food plan. The last revision was made on October 1, 1985.

The State social service agencies are responsible for certifying eligible households and issuing the food stamps. Authorized grocery stores accept the stamps as payment for food purchases and forward them to commercial banks for cash or credit. The stamps flow through the banking system to the Federal Reserve Bank for redemption out of a special account maintained by the U.S. Treasury Department.

In fiscal year 1986, under current law, an average of 19,750,000 persons are expected to participate in the program monthly and receive stamps worth an average of $45.31 each month.

NUTRITION ASSISTANCE FOR PUERTO RICO

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35) authorized a block grant for nutrition assistance to Puerto Rico which gives the Commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. However, the Commonwealth must submit its annual plan of operation to the Secretary for approval. The Food Security Act of 1985 (Public Law 99–198), enacted December 23, 1985, reauthorizes appropriations through fiscal year 1990. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program. The grant may also be used to fund projects to improve agriculture and food distribution in Puerto Rico. Three such projects were approved in fiscal year 1985.

ADMINISTRATIVE COSTS

Since October 1, 1984, all direct and indirect administrative costs incurred for certification of nonpublic assistance households, issuance of food stamps, quality control, and fair hearing efforts have been shared by the Federal Government and the States on a 50–50 basis. States may receive 60 percent Federal funding of administrative costs if their error rates are below 5 percent and a reasonable rate of invalid decisions is attained. Any State agency's Federal administrative funding payment may be reduced if its error rate of overissuances and payments to ineligible households exceeds 5 percent in fiscal year 1985 or any succeeding fiscal year. Federal funding for 75 percent of automation costs incurred by State agencies is authorized by law.

State administration also includes State antifraud activities. Under the provisions of the Food Stamp Act of 1977, as amended, States are eligible to be reimbursed for not less than 75 percent of the costs of their food stamp fraud investigations and prosecutions. Of the funds appropriated for State administration, $52,400,000 has been budgeted to cover State antifraud activities in fiscal year 1986.

The Employment and Training Program is also included in State administration. States are required to implement an employment and training program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training, or experience that will increase their ability to obtain regular employment. In fiscal year 1986, the Department of Agriculture will contract with the States to assist them in providing employment and training services. The Department will pay the States $40,000,000 to operate work programs in fiscal year 1986.

COMMITTEE RECOMMENDATIONS

For the Food Stamp Program, the Committee recommends an appropriation of $12,684,665,000. This is $46,962,000 more than was provided in 1986, $341,086,000 more than the budget estimate, and the same amount that was provided in the House bill. The Committee concurs with the House proposal to combine the food stamp and nutrition assistance for Puerto Rico programs into a single account. Therefore, the comparisons are based on the combined accounts. Of the amount provided, not to exceed $852,750,000 is to be available for the nutrition assistance block grant to Puerto Rico. This is the same as the authorized amount.

The Committee notes that the budget request was predicated on substantial legislative changes in the Food Stamp Program. These legislative changes have yet to be enacted into law, and the Committee believes that it would be inappropriate to assume the legislative savings. The level provided by the Committee is based on current economic and participation assumptions. Should these assumptions prove wrong, the actual cost of the Food Stamp Program may be impacted significantly. Because of this uncertainty, the Committee directs that no action be taken by the administration to reduce benefit levels in accordance with section 18(b) of the Food Stamp Act without the Congress being given ample opportunity to consider required supplemental funding. The Committee strongly believes that program participants should not suffer benefit reductions due to misestimates of program cost.

CASH AND COMMODITIES FOR SELECTED GROUPS

1986 appropriation [1] [2]	$193,589,000
1987 budget estimate	187,300,000
House allowance	193,589,000
Committee recommendation	193,589,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Includes an additional $8,500,000 for the Elderly Feeding Program provided in Public Law 99–349.

The cash and commodities for selected groups appropriation funds two distinct distribution programs—the needy family program on Indian reservations and in the Republic of Palau, a trust territory of the Pacific, and the nutrition program for the elderly.

Needy family programs on Indian reservations and in the trust territory.—The Food and Agriculture Act of 1977 authorized low-income households access to a more nutritious diet by providing for the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations and in the Republic of Palau, a trust territory of the Pacific. This act requires that a food distribution program be established on Indian reservations if the Indian tribal organization requests the program, and, further, that if the tribal organization applies to administer the program itself and is determined capable, it may do so in lieu of administration by the State agency. Public Law 97-98 and program regulations authorized low-income Indian households not living on reservations to participate in this program.

The foods made available to the distributing agencies include canned meat, fruit, vegetables and juice, flour, rice, evaporated milk, dry milk, and shortening. To the extent that surplus price-support commodities are available and can be used without waste, the Commodity Credit Corporation [CCC] donates them for use in this program. In fiscal year 1986 the cost of the food package distributed on Indian reservations will average about $31.87 per person per month while the food package distributed in the trust territory will average about $18.44. These package costs include the value of commodities donated by CCC.

Cash payments are made to distributing agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. Included among these costs are local warehousing and transportation of commodities, utilities, salaries, and equipment.

Nutrition program for the elderly.—Commodity support for the nutrition program for the elderly is authorized by titles III and VI of the Older Americans Act of 1965. The foods provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the home-bound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objectives of promoting better health and reducing the isolation of old age.

Currently, commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. Some States elect to take all of their entitlement in cash and some States choose to receive a combination of cash and commodities. The commodities made available to the nutrition program for the elderly are generally the same as those provided to schools under the child nutrition programs.

Although originally a program to distribute nutritious surplus commodities to senior meal sites, the program evolved into a cash subsidy program. Almost 96 percent of program resources are distributed to meal providers in cash, on a per meal reimbursement basis.

COMMITTEE RECOMMENDATIONS

For the programs of the cash and commodities for selected groups for fiscal year 1987, the Committee recommends an appropriation of $193,589,000. This is the same amount that was provided in 1986, $6,289,000 more than in the budget estimate, and the same as the amount provided in the House bill.

The Committee concurs with the House in appropriating $137,157,000 for the Elderly Feeding Program and $56,432,000 for the Needy Family Program.

In addition, the Committee concurs with the House in its concern over the Department's policy on the use of bonus commodities and is also concerned with the application of this policy to child care food programs. Therefore, the Committee expects the Department to permit all elderly feeding programs, as well as child care food programs, to receive all types of bonus commodities.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

1986 appropriation [1] [2]	$50,000,000
1987 budget estimate	....
House allowance	50,000,000
Committee recommendation	50,000,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

[2] Includes $2,437,000 provided in Public Law 99-349.

Title II of Public Law 98-8, enacted March 3, 1983, authorized and appropriated funds for costs of intrastate storage and transportation of CCC commodities donated to families. Public Law 98-198, enacted December 23, 1985, authorized $50,000,000 for this purpose in fiscal years 1986 and 1987.

Funds are administered by the Food and Nutrition Service through grants to State agencies which operate commodity distribution programs. Allocation of the funds to States is based on a formula which considers the States' unemployment rates and the number of persons with incomes below the poverty level.

In fiscal year 1985, almost a billion dollars' worth of surplus commodities were distributed to assist needy individuals. Donations will continue in fiscal year 1986. Precise levels will depend upon the availability of surplus commodities and requirements regarding displacement. Over $56,800,000 was used in fiscal year 1985 to help State and local authorities with the storage and distribution costs of providing surplus commodities to needy individuals. The $50,000,000 appropriated for fiscal year 1986 has been allocated to the States for their use.

COMMITTEE RECOMMENDATIONS

For the Temporary Emergency Food Assistance Program for fiscal year 1987, the Committee recommends an appropriation of $50,000,000. This is the same as the amount available for fiscal year 1986, $50,000,000 more than the budget request, and the same as the amount provided by the House. The Committee rejects the administration's proposal to terminate this program.

FOOD PROGRAM ADMINISTRATION [FPA]

1986 appropriation [1]	$78,403,000
1987 budget estimate	86,100,000
House allowance	82,578,000
Committee recommendation	83,563,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Federal expenses associated with administration of the Food and Nutrition Service [FNS] programs are provided in the FPA appropriation. These expenses involve program and policy development, program monitoring, assistance to State agencies which actually operate the programs and general management support. Costs directly associated with delivery of benefits to participants are generally shared with the States and are funded from the individual program appropriations. Direct Federal operation of programs is provided through the FPA appropriation only in certain cases where a State is prohibited by law from disbursing program funds or where no State agency has assumed administrative responsibility.

The following programs are administed by FNS: Child Nutrition Programs, Special Milk Program, Feeding Program for Women, Infants, and Children [WIC], Commodity Supplemental Food Program [CSFP], Food Stamp Program, Nutrition Assistance for Puerto Rico, and Food Donations Program.

COMMITTEE RECOMMENDATIONS

For food program administration for fiscal year 1987, the Committee recommends an appropriation of $83,563,000. This is $5,160,000 more than was provided in 1986, $985,000 more than the House allowance, and $2,537,000 less than the budget request. The Committee has provided the program increase proposed in the budget.

Human Nutrition Information Service

1986 appropriation [1]	$12,890,000
1987 budget estimate	6,876,000
House allowance	8,976,000
Committee recommendation	6,876,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Human Nutrition Information Service [HNIS] was established October 1, 1981, by the Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agricultural Research Service. HNIS activities fall into one major category: Research, analysis, and technical assistance which is concerned with the conduct and interpretation of applied research in human nutrition to improve professional and public understanding of the nutritional adequacy of diets and food supplies. It is also concerned with the nutritive value of food and the development of knowledge needed to improve the nutritional quality of diets, thereby improving the general health of the American public.

The agency has primary responsibility for the Department's role in the National Nutrition Monitoring System and in formulating dietary guidelines for healthy Americans. It is the primary national resource for information on the nutritive value of foods.

COMMITTEE RECOMMENDATIONS

For the Human Nutrition Information Service for fiscal year 1987, the Committee recommends $6,876,000, the same as the budget estimate. This is $6,014,000 less than the level provided in fiscal year 1986, and $2,100,000 less than the amount provided in the House bill.

The Committee concurs with the Department's intention to use data from previous years to be evaluated with those of the nationwide food consumption survey.

TITLE IV—INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

1986 appropriation [1]	$79,432,000
1987 budget estimate	71,882,000
House allowance	81,109,000
Committee recommendation	81,109,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, supplement 1. Public Law 690, approved August 28, 1954, transferred the agricultural attachés from the Department of State to the Foreign Agricultural Service.

The agency performs the following kinds of service functions:

—It maintains a worldwide agricultural intelligence and reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is done through a continuous program of reporting by 76 posts located throughout the world covering some 108 countries.

—The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attaché reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service is now using advanced techniques for identifying, delineating, and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer-aided analysis of satellite, meteorological, agricultural, and related data.

—The Service develops foreign markets for U.S. farm products through effective market expansion activities. It provides services to the U.S. and foreign agricultural trade sectors that are necessary to establish, build, and maintain overseas markets for U.S. agricultural products. This activity includes the FAS Cooperator Program, which is jointly sponsored with nonprofit private trade and producer associations in this country who have generated an estimated $703,000,000 in contributions to more than match the $372,000,000 which has been contributed by FAS to finance overseas market promotion activities for U.S. farm commodities. The Cooperator

Program enables U.S. producers and other sectors of the U.S. economy to jointly and systematically develop and expand overseas markets. The Agricultural Trade Act of 1978 includes authority to establish up to 25 agricultural trade offices. Currently, 14 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups, and State export marketing officials in trade promotion.

—The Service initiates, directs, and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices by other countries that hinder U.S. agricultural exports to third markets.

COMMITTEE RECOMMENDATIONS

For the Foreign Agricultural Service for fiscal year 1987, the Committee recommends an appropriation of $81,109,000. This is $1,677,000 more than the 1986 adjusted amount, $9,227,000 more than the budget estimate, and the same as the amount provided in the House bill. The Committee has restored the Foreign Market Development Program to the fiscal year 1986 level. The increase over the fiscal year 1986 level includes $827,000 for agricultural trade offices, $773,000 for foreign agricultural affairs, and $77,000 for foreign market information.

SUNFLOWER TARGETED EXPORT ASSISTANCE

The 1985 farm bill authorized a Targeted Export Assistance Program in order to increase the exports of U.S. commodities. The Committee is particularly concerned about the sunflower industry, because it is not a federally supported commodity. Therefore, because it has difficulty competing with those commodities which are supported, the Committee directs the Department to initiate a program for the export promotion activities of sunflowers and other oilseeds under the Targeted Export Assistance Program.

PUBLIC LAW 480

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover the costs of such programs. When funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual needs, the excess is used to reduce future appropriation requests. Because of these various funding authorities, actual program levels vary from the amounts provided in the appropriations bill.

The following activities are currently being carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83d Congress, as amended:

TITLES I AND III—CREDIT SALES

	Direct appropriation	Program level
1986 appropriation[1]	$624,976,000	($985,710,000)
1987 budget estimate	564,400,000	(944,400,000)
House allowance	451,600,000	(831,600,000)
Committee recommendation	457,854,000	(837,854,000)

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Financing the sale of agricultural commodities for convertible foreign currencies, for dollars on credit terms, or for convertible foreign currency for use under section 108 of the act; and furnishing commodities to carry out the Food for Progress Act of 1985 (titles I and III) (7 U.S.C. 1701-1715, 1727-1727f).—Title I of the legislation authorizes financing of sales for convertible foreign currencies and for dollars on credit terms, including commodities exported under title III food for development programs. Sales for dollars or convertible foreign currencies may be made to foreign governments, or United States and foreign private trade entities. The legislation provides for credit terms that are as favorable to the United States as the economy of the foreign country will permit, but not less than the terms for development loans made under sections 122(a) and 122(b) of the Foreign Assistance Act of 1961, as amended.

Title I sales may also be financed for convertible foreign currencies to be loaned to financial intermediaries in the recipient countries. These funds would be reloaned to promote private enterprise institutions. Loans repaid by the financial intermediaries may be reloaned for private enterprise investment, used to develop new markets, pay U.S. obligations, or be converted to U.S. dollars.

Title I appropriated funds may also be used under the Food for Progress Act to furnish commodities on credit terms or on a grant basis to assist countries that have a commitment to introduce and expand free enterprise elements in their agricultural economies.

COMMITTEE RECOMMENDATION

For Public Law 480, titles I and III, the Committee recommends a program level of $837,854,000. This is $147,856,000 less than was available in fiscal year 1986, $106,546,000 less than the amount requested in the budget, and $6,254,000 more than the amount provided in the House bill.

An explanation of the Committee's recommendations regarding overall funding levels for Public Law 480 is included under the title II account.

Inadequate transportation systems in Public Law 480 recipient countries are frequently cited as the reason food resources do not get to people needing assistance. To help solve this problem, USDA is encouraged to help identify and require implementation of potential transportation improvement self-help measures for Public Law 480 title I and title III agreements.

TITLE II—COMMODITIES FOR DISPOSITION ABROAD

	Direct appropriation	Program level
1986 appropriation [1]	$618,318,000	($618,318,000)
1987 budget estimate	600,000,000	(600,000,000)
House allowance	731,118,000	(731,118,000)
Committee recommendation	525,570,000	(525,570,000)

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Commodities supplied in connection with dispositions abroad (Title II) (7 U.S.C. 1721-1726).—Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title, and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations. Each year, up to $7,500,000 of foreign currencies accruing under title I may be purchased from this appropriation to meet costs of self-help activities (other than personnel and administrative) of cooperating groups.

COMMITTEE RECOMMENDATION

For title II of Public Law 480, the Committee recommends an appropriation of $525,570,000. This is $92,748,000 less than the amount available in fiscal year 1986, $74,430,000 less than the budget request, and $205,548,000 less than the amount provided in the House bill.

The Congressional Budget Resolution assumed a drastic decrease in function 150 (International Affairs) for fiscal year 1987. Unfortunately, the Public Law 480 programs, as a part of function 150, bore an 18-percent assumed reduction, which translated into a $303,000,000 cut in the total Public Law 480 appropriation (including titles I, II, and III).

The Committee does not endorse that action, and recognizes that budget resolution assumptions are not binding. However, it is impossible to ignore such a massive cut when the Subcommittee's allocation is based, in part, on that assumption. The Committee has sought means to increase the amount of funds available for this program, but can only restore approximately $43,000,000 over the amount assumed in the budget resolution. This is the largest single increase in this bill over budget resolution assumptions.

Because of the funding level recommended by the Committee, a decrease of only 15 percent in the program level is necessary. The Committee has chosen to reduce both the title I and title II program levels by this percentage. The amount available for title II will be sufficient to provide the minimum tonnage requirements of the Food for Peace Act.

In addition, 300,000 metric tons of wheat are available for emergency relief from the Food Security Wheat Reserve.

The Committee concurs with the House action which will allow a 15-percent transfer between titles I and II to meet unforeseen circumstances. The Committee expects to be informed of such transfers if they occur.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

1986 appropriation [1]	$5,131,000
1987 budget estimate	3,051,000
House allowance	3,513,000
Committee recommendation [2]	7,631,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Includes $2,500,000 formerly funded under the account, "Scientific activities overseas."

The Office of International Cooperation and Development [OICD] was established by Secretary's Memorandum No. 1947, dated May 1, 1978. The mission of OICD is to promote U.S. agriculture and to advance the agriculture of developing countries as parts of a complementary global agricultural system capable of providing ample food and fiber for all people.

In conducting its mission, OICD utilizes the resources of USDA agencies and maintains relationships with the U.S. Agency for International Development [AID] and other Government agencies, land grant universities, and international organizations. OICD activities include technical assistance to developing countries; the arrangement of training of international participants in the United States and overseas; scientific and technical exchanges; and the implementation of the development aspects of food assistance programs. Services provided are financed largely by reimbursement of funds from AID, other institutions, and contracting nations.

OICD is the lead agency in the planning and review of international agricultural development policy and the formulation and review of agricultural assistance efforts. It is responsible for departmental representation to national and international organizations responsible for food and agriculture in international development and facilitates their access of U.S. scientific and institutional resources.

COMMITTEE RECOMMENDATIONS

For the Office of International Cooperation and Development for fiscal year 1987, the Committee recommends an appropriation of $7,631,000. This is $2,500,000 more than was provided in 1986, $4,580,000 more than the budget estimate, and $4,118,000 more than the amount provided in the House bill. The increase above the 1986 level reflects the inclusion in this account of $2,500,000 formerly funded under the account, "Scientific Activities Overseas, Foreign Currency Program."

The bulk of OICD's work is done with financing outside this direct appropriation. The Committee is concerned, however, that OICD should have appropriate staff to be able to perform both the appropriated and nonappropriated activities.

AGRICULTURAL SCHOLARSHIPS FOR FOREIGN STUDENTS

In fiscal year 1984, the Department initiated a scholarship program for agricultural scientists and administrators from middle-income countries—countries which have graduated from eligibility for scholarships funded through the Agency for International Development and are beginning to reach an income level where they can become important cash customers for U.S. commodities. This program was initiated as a result of a directive from this Committee and was funded by a $1,500,000 appropriation agreed to by the conferees on the fiscal year 1984 Agriculture appropriations bill (H. Rept. 98–450). The program was funded at the same level in fiscal years 1985 and 1986.

An evaluation of the first 2 years of this program, together with some preliminary information about the third year, shows very positive results. Foreign embassy officials, representatives from the U.S. commodity trade groups, and USDA's Foreign Agricultural Service attachés overseas describe program benefits in terms of forming essential relationships upon which future trade and other agreements are built. Participants give high ratings to the program, citing its benefits in terms of new skills and new applications to their work in their home countries, together with development of friendships and professional linkages.

During the first 2 years, 235 participants were selected for training. From fiscal year 1984 to fiscal year 1985, the number of trainees rose 30 percent, from 102 to 133, and the number of participating countries increased from six to eight. The number of countries is expected to increase to 10 and the number of participants to 175 in fiscal year 1986.

This program expansion has been possible because both United States and participating country groups see program benefits high enough that they are willing to supplement the funds appropriated by the Congress. U.S. commodity organizations, such as the American Soybean Association and U.S. Wheat Associates, have provided supplemental funds for transportation and training of certain groups. Sponsoring organizations in participants' home countries have all agreed to provide round-trip air fare to the United States in fiscal year 1986. This leveraging of funds has not only permitted more trainees and countries to be involved, but it shows that this is one program where everyone benefits—with benefits large enough that both United States and recipient-country organizations are willing to invest some of their own resources.

The U.S. benefits are varied. Most importantly, many of the participants selected for this program are in leadership positions in the public and private sectors of their countries, directly involved in formulating and implementing the agricultural policy of their respective nations. There is much evidence that the friendships and knowledge of American agricultural systems gained through these U.S. programs result in goodwill and cooperation as well as increased trade between our countries.

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

1986 appropriation [1]	$2,854,000
1987 budget estimate	....
House allowance	2,500,000
Committee recommendation	([2])

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Included in the appropriation for the Office of International Cooperation and Development.

As authorized by secions 104(b)(1) and 104(b)(3) of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), as amended, USDA uses foreign currencies to support agricultural and forestry research on problems of mutual interest to the United States and participating foreign countries. OICD represents all USDA agencies in this activity. Since the program's inception in 1958, over 2,000 projects valued at approximately $146,000,000 equivalent in foreign currency have been negotiated in 33 countries worldwide. The appropriation for scientific activities overseas is allotted as intergovernmental fund transfers when grants are obligated for cooperative research in foreign countries.

Research projects conducted abroad through grants negotiated with foreign research institutions and organizations are selected based on their relevance to priority U.S. agricultural concerns, such as preventing the incursion of animal diseases and exotic insects and developing plants that are drought tolerant, disease-resistant and more productive. Cooperative research benefits U.S. agriculture by developing markets for U.S. agricultural products and equipment, adding to knowledge of our environment, and cutting the cost of valuable research. Research overseas costs about one-fifth of the expense of similar efforts conducted in the United States. It provides research which could not be done in the United States because of quarantine restrictions or because of the danger of inadvertent introduction of a disease or pest not currently in this country. It also provides access to unique agricultural ecosystems in order to study insects, weeds, and diseases which have entered the United States and have caused severe losses due to lack of biological control.

COMMITTEE RECOMMENDATION

The Committee recommends merging this account into the appropriation for the Office of International Cooperation and Development [OICD], which administers this program of international cooperative research. The level included under OICD is $2,500,000, which is $354,000 below the adjusted fiscal year 1986 level, $2,500,000 more than the budget request, and the same as the amount provided in the House bill.

OICD will continue to use foreign currencies owed to or owned by the United States, although the past practice of using only surplus currencies will be adjusted to allow this appropriation to be used to purchase foreign currencies for the purposes of the program. This change is necessary because of the lack of excess foreign currencies.

TITLE V—RELATED AGENCIES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

The mission of the Food and Drug Administration [FDA] is to protect the public health of the Nation against hazardous foods, drugs, biological products, cosmetics, medical devices, and radiological products. FDA's regulatory functions are geared to ensure that: foods are safe, pure, and wholesome; human and animal drugs, medical devices, and biological products are safe and effective; cosmetics are safe; all of the above are honestly and informatively packaged; and exposure to potentially injurious radiation is minimized.

To accomplish its mission, FDA sets food and product standards; evaluates the safety and efficacy of new drugs before they are marketed; conducts and sponsors research to detect health hazards and violations of laws or regulations; informs business firms and consumers about FDA-related topics; works with State and local agencies to develop programs that will supplement or complement those of FDA; maintains surveillance over foods, drugs, devices, and electronic products to ensure that they are safe, effective, and honestly labeled; and takes legal action where necessary to remove violative products from the marketplace and to prosecute firms or individuals that violate the law.

The programs in support of these objectives are encompassed within five budget activities: (1) foods, (2) drugs, (3) devices and radiological products, (4) National Center for Toxicological Research, and (5) program management.

SALARIES AND EXPENSES

1986 appropriation [1]	$377,607,000
1987 budget estimate [2]	399,403,000
House allowance	410,540,000
Committee recommendation	411,803,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

[2] Excludes $25,800,000 from additional fee-for-service collections.

COMMITTEE RECOMMENDATIONS

For salaries and expenses for fiscal year 1987, the Committee recommends $411,803,000. This is $34,196,000 more than the amount available in fiscal year 1986, $1,263,000 more than the House allowance, and $12,400,000 more than the budget estimate.

The President's budget proposed, in addition to the appropriation, that user fees in the amount of $25,800,000 be collected and added to the appropriated funds available to FDA. According to testimony of FDA, all of the projected user charges would be used for the new drug evaluation program, including $11,400,000 for maintaining the current level of operations and $14,400,000 for expanding the program. Because authorization of user fees prior to fiscal year 1987 is unlikely, the Committee is providing in the appropriation for salaries and expenses the increase necessary to maintain the current level of operations. Due to constraints imposed by Congress in the budget resolution, the Committee must forego increases above current program operations, although the Committee's recommendation is 7.5 percent higher than the postsequester level of funds available to FDA. The Committee notes, however, that the President's appropriation request included $13,253,000 in increased operating and personnel costs. To the extent practicable, FDA should use these funds to increase program operations and to provide adequate staff with which to carry out its important food surveillance and food protection missions, including timely and reasoned action on food additives and pesticide residues.

As stated above, legislation authorizing specific user fees is unlikely to be considered during this session of Congress. General authority to assess and collect user fees is contained in 31 United States Code 9701; however, the House has expressed, and the Senate has concurred, that any user fees charged by FDA should be explicitly authorized. For that reason, the Committee has retained House language prohibiting the assessment of user fees under the general authority. Should legislation with explicit authorization for FDA user fees be enacted, the Committee feels that FDA should have full use of fees collected. The Committee, therefore, has included a provision allowing such fees—should they be authorized—to be credited directly to FDA's salaries and expenses account.

Office of Device Evaluation.—Also included in the Committee's recommendation is an increase of $1,000,000 for the Office of Device Evaluation.

The Committee is concerned that resource levels at the Office of Device Evaluation do not allow expeditious review of new medical devices and diagnostic products. For example, the Committee understands that the average review time for premarket approval applications (which are required for major new technologies) is more than double the 6-month time period required by law. Delays like these can deprive patients of the benefits of medical advances. Accordingly, in addition to the amounts assumed for the Office of Device Evaluation in the 1987 budget request, the Committee will expect the Commissioner of FDA to make available to such office not less than $1,000,000 for review of premarket approval applications under section 515 of the Federal Food, Drug, and Cosmetic Act, premarket notifications under section 510(k) of such act, and investigational device exemptions under section 520(g) of such act.

Contingency fund.—The Committee also recommends $1,000,000 to replenish FDA's contingency fund for product emergencies. This fund has been depleted because of recent product tampering incidents.

Consolidation of accounts.—Again this year, the President's budget recommended consolidating FDA's "Salaries and expenses" account with the "Rental payments" account and the "Buildings and facilities" account. The Committee reiterates its opposition to this approach and will expect future explanatory notes to reflect the delineation of these accounts, regardless of the approach proposed in the budget request.

General provision.—The President's budget requested bill language allowing funds to be used for 1-year contracts which are to be performed in 2 fiscal years so long as the total amount for such contracts is obligated in the year for which funds are appropriated. This language is included in the general provisions section of the bill.

FDA field laboratories.—On May 30, 1986, the Commissioner of Food and Drugs decided to close or consolidate the agency's field laboratories. The first closings are to occur in fiscal year 1987. The Committee is concerned about the impact the closings will have on the agency's ability to protect the public's health and welfare. These laboratories play a very important role in assuring that the food and drugs on the Nation's grocery shelves are safe and uncontaminated. Moreover, the Committee is aware that the General Accounting Office [GAO] has initiated a detailed study of the costs involved and the degree of efficiency to be gained by the proposed action. The Committee believes it would be prudent to obtain the GAO's assessment before any action is taken to eliminate the field laboratories. Therefore, the Committee directs that no fiscal year 1987 money be spent for this purpose until the GAO findings can be reviewed.

Acquired immune deficiency syndrome [AIDS].—Approximately $15,000,000 is included in the bill for FDA's various responsibilities related to AIDS. This amount includes the additional $4,625,000 requested by the President on August 15, 1986, and will provide approximately 35 additional FTE's.

The Committee concurs with the House in excluding the requested bill language which would have allowed the Secretary of Health and Human Services to transfer such amounts as he deems necessary to an account under the Assistant Secretary for Health entitled "Priority disease control and research projects." This account, according to FDA, would have provided for greater coordination for AIDS activities within the Public Health Service. The Committee does not feel that this is an appropriate approach to coordinating these efforts, because the use of unlimited transfer authority could detract from other important activities of the FDA. This is consistent with the Committee's action in the Labor, Health and Human Services, and Education appropriations bill (H.R. 5233).

BUILDINGS AND FACILITIES

1986 appropriation [1]	$1,379,000
1987 budget estimate	1,450,000
House allowance	1,879,000
Committee recommendation	1,879,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

COMMITTEE RECOMMENDATIONS

The "Buildings and Facilities" account is established for repair and improvement of existing facilities and for the construction of new facilities. For fiscal year 1987, the Committee recommends $1,879,000. This is $500,000 more than the amount provided in 1986, $429,000 more than the budget request, and the same as the House provision. This amount includes funds which will be sufficient for construction of lodging facilities at the National Center for Toxicological Research for postgraduates, visiting scientists, and other non-FDA personnel.

RENTAL PAYMENTS, FDA

1986 appropriation [1]	$24,627,000
1987 budget estimate	28,372,000
House allowance	24,627,000
Committee recommendation	24,627,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

Annual appropriations are made to agencies of the Federal Government so that they can pay the General Services Administration [GSA] fees for rental of space and for related services.

The budget estimates for rental payments are based on GSA's projection of what it will bill agencies in the budget year. The agencies have no influence or control over how GSA sets their rates. Rental payments paid by agencies go into a fund to be used for other real property management operations, such as rental of buildings, repairs and alterations, and acquisition of new facilities. The concept behind rental payments is that all agencies pay the market value of the space they occupy, so that GSA will have the funds available to provide, in an efficient and coordinated way, for overall Federal space needs. However, in practice this concept means that agencies are paying prevailing commercial rental rates in order to subsidize the inflated cost of new construction and newly leased space, and to provide entirely for vacant space in GSA's inventory.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $24,627,000 for rental payments for the Food and Drug Administration. This is the same as the amount provided in the House bill, the same as the adjusted amount provided in fiscal year 1986, and $3,745,000 less than the budget estimate. Due to severe budgetary constraints, the Committee has provided only the amount allowed after the March 1, 1986, sequestration order, and urges the GSA to reconsider its rates for fiscal year 1987.

COMMODITY FUTURES TRADING COMMISSION

1986 appropriation[1]	$27,983,000
1987 budget estimate	30,418,000
House allowance	29,161,000
Committee recommendation	30,418,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99-177.

The Commodity Futures Trading Commission [CFTC] was established as an independent agency by the Commodity Futures Trading Commission Act of 1974 (88 Stat. 1389; 7 U.S.C. 4a).

The Commission administers the Commodity Exchange Act, as amended, 7 United States Code section 1, et seq., Futures Trading Commission Act of 1974, and the Futures Trading Act of 1978. The act brought under Federal regulation futures trading in all goods, articles, services, rights, and interests; commodity options trading; and leverage trading in gold and silver bullion and coins; and otherwise strengthened the regulation of the commodity futures trading industry. It established a comprehensive regulatory structure to oversee the volatile futures trading complex.

The purpose of the Commission is to protect and to further the economic utility of futures markets by encouraging their efficiency, assuring their integrity, and by protecting participants against manipulation, abusive trade practices, fraud, and deceit. The objective is to enable the markets to better serve their designated functions of providing a price discovery mechanism and providing price risk insurance. In properly serving these functions, the futures markets contribute toward better planning, more efficient distribution and consumption, and more economical marketing.

Programs in support of the overall mission include market surveillance analysis and research; registration, audits, and contract markets; enforcement; proceedings; legal counsel; agency direction; and administrative support services. CFTC activities are carried out in Washington, DC, four regional offices located in Chicago, New York, Kansas City, and Los Angeles; and a branch office located in Minneapolis.

COMMITTEE RECOMMENDATIONS

For the Commodity Futures Trading Commission for fiscal year 1987, the Committee recommends $30,418,000. This is the same as the budget request, $1,257,000 more than the amount provided in the House bill, and $2,435,000 more than the adjusted amount provided in 1986. This level of funding will allow the Commission to meet increases in operating costs and to fund 15 additional staff years for increased enforcement and other activities.

FARM CREDIT ADMINISTRATION

LIMITATION ON REVOLVING FUND FOR ADMINISTRATIVE EXPENSES

1986 limitation[1]	$29,403,000
1987 budget estimate	39,420,000
House allowance	39,420,000
Committee recommendation	39,420,000

[1] Reflects the March 1, 1986, sequester of funds pursuant to Public Law 99–177.

The Farm Credit Administration is the independent Federal agency responsible for the regulation, supervision, and examination of the borrower-owned banks and associations that comprise the cooperative Farm Credit System.

Activities of the Farm Credit Administration include assistance in financing and investments, credit analysis, development of appraisal standards and policies, preparation of reports and budgets, and preparation and distribution of information on agricultural credit and the services offered by the various institutions of the system. The administration also issues regulations governing the lending activities and operations of the institutions under its supervision.

The administration and the institutions under its supervision now operate under authorities contained in the Farm Credit Act of 1971, Public Law 92–181, effective December 10, 1971, as amended by Public Law 96–592, effective December 24, 1980. The act provides for the farmer-owned cooperative system to make credit available to farmers and ranchers, for rural residences, and to cooperatives and other borrowers for farm related businesses upon which farming operations are dependent, to provide for an adequate and flexible flow of money into rural areas, and to modernize and to consolidate existing farm credit law to meet current and rural credit needs.

All expenses of the activities and personnel of the Farm Credit Administration are paid by assessments collected from the banks of the farm credit system.

COMMITTEE RECOMMENDATIONS

For the limitation on administrative expenses of the Farm Credit Administration for fiscal year 1987, the Committee recommends $39,420,000. This is $10,017,000 more than the adjusted limitation in 1986, the same as the budget estimate, and the same as the House allowance.

TITLE VI—GENERAL PROVISIONS

Sections 601–629 of the general provisions contained in the accompanying bill are essentially the same as those included in previous appropriations bills. Section 607 is amended to strike a limitation included in the House bill. This amendment is discussed under the "Working Capital Fund" account in this report. Section 608 is amended to make funds for graduate fellowships and grasshopper control available until expended. Section 626 is amended to change the minimum staff-year level for the Farmers Home Administration.

Section 630 of the House bill has been deleted because the marijuana issue which it addresses is included in section 605.

Section 630 allows the continuation of the current procedures of section 9 of the Small Business Act, as amended.

Section 631 prohibits the use of funds by the Department to release confidential information obtained under marketing order requirements, as discussed under the account, "Funds for strengthening markets, income, and supply."

Section 632 prohibits the use of funds by the Farmers Home Administration to contract with private collection agencies to collect delinquent payments from FmHA borrowers.

Section 633 urges the Secretary to implement a disaster payment program using generic certificates for surplus commodities.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI, OF THE STANDING RULES OF THE SENATE

Paragraph 7 of Rule XVI requires that Committee reports on general appropriations bills identify each Committee amendment to the House bill "which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session."

The programs subject to identification under rule XVI, paragraph 7 are: (1) feeding program for women, infants, and children [WIC], $1,655,494,000; (2) rental and cooperative housing for elderly and low- or moderate-income persons, $2,033,093,000; (3) mutual and self-help housing loans and grants, $8,610,000; and (4) the Commodity Futures Trading Commission, $30,418,000.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of Rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

The Committee has recommended no such provision.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987

[Amounts in dollars]

Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −): 1986 adjusted (6)	Budget estimate (7)	House allowance (8)
TITLE I - AGRICULTURAL PROGRAMS							
Production, Processing and Marketing							
Office of the Secretary	1,648,000	1,790,000	1,648,000	1,598,000	-50,000	-192,000	-50,000
Office of the Assistant Secretary for Administration	455,000	495,000	455,000	455,000	---	-40,000	---
Rental Payments (USDA)	48,728,000	57,380,000	48,728,000	48,728,000	---	-8,652,000	---
Building Operations and Maintenance (USDA)	16,932,000	18,800,000	18,039,000	18,039,000	+1,107,000	-761,000	---
Advisory Committees (USDA)	1,258,000	1,323,000	1,358,000	1,308,000	+50,000	-15,000	-50,000
Departmental Administration	21,251,000	21,920,000	21,180,000	21,227,000	-24,000	-693,000	+47,000
Working Capital Fund	5,964,000	6,000,000	5,708,000	5,708,000	-256,000	-292,000	---
Office of the Assistant Secretary for Governmental and Public Affairs	318,000	345,000	318,000	318,000	---	-27,000	---
Office of Governmental and Public Affairs:							
Public affairs	7,407,000	7,624,000	7,293,000	7,365,000	-42,000	-259,000	+72,000
Legislative liaison	471,000	486,000	465,000	471,000	---	-15,000	+6,000
Intergovernmental affairs	444,000	460,000	440,000	444,000	---	-16,000	+4,000
Total, Office of Governmental and Public Affairs	8,322,000	8,570,000	8,198,000	8,280,000	-42,000	-290,000	+82,000
Office of the Inspector General	28,537,000	46,321,000	44,461,000	44,461,000	+15,924,000	-1,860,000	---
(Transfer from food stamp program)	(15,924,000)	---	---	---	(-15,924,000)	---	---
Total, Office of the Inspector General	(44,461,000)	(46,321,000)	(44,461,000)	(44,461,000)	---	(-1,860,000)	---

Office of the General Counsel	16,124,000	17,430,000	16,832,000	17,430,000	+1,306,000	---	+598,000
(Transfer from food stamp program)	(786,000)	---	---	---	(-786,000)	---	---
Total, Office of the General Counsel	(16,910,000)	(17,430,000)	(16,832,000)	(17,430,000)	(+520,000)	---	(+598,000)
Office of the Assistant Secretary for Economics	448,000	485,000	448,000	448,000	---	-37,000	---
Economic Research Service	43,982,000	45,475,000	43,982,000	43,982,000	---	-1,493,000	---
National Agricultural Statistics Service	56,137,000	59,712,000	56,787,000	56,787,000	+650,000	-2,925,000	---
World Agricultural Outlook Board	1,591,000	1,680,000	1,608,000	1,608,000	+17,000	-72,000	---
Office of the Assistant Secretary for Science and Education	350,000	380,000	350,000	350,000	---	-30,000	---
Agricultural Research Service	476,177,000	511,053,000	496,748,000	496,175,000	+19,998,000	-14,878,000	-573,000
Special fund	1,903,000	2,000,000	2,000,000	2,000,000	+97,000	---	---
Buildings and facilities	6,041,000	---	35,500,000	12,900,000	+6,859,000	+12,900,000	-22,600,000
Scientific activities overseas	---	---	---	---	---	---	---
Total, Agrucultural Research Service	484,121,000	513,053,000	534,248,000	511,075,000	+26,954,000	-1,978,000	-23,173,000
Cooperative State Research Service	276,124,000	246,356,000	269,092,000	295,877,000	+19,753,000	+49,521,000	+26,785,000
(Transfer from Commodity Credit Corporation)	---	---	---	---	---	---	---
Extension Service	290,998,000	140,000,000	289,317,000	328,341,000	+37,343,000	+188,341,000	+39,024,000
(Transfer from food stamp program)	(36,967,000)	---	(38,627,000)	---	(-36,967,000)	---	(-38,627,000)
Total, Extension Service	(327,965,000)	(140,000,000)	(327,944,000)	(328,341,000)	(+376,000)	(+188,341,000)	(+397,000)
National Agricultural Library	10,778,000	11,421,000	10,936,000	10,936,000	+158,000	-485,000	---
Office of the Assistant Secretary for Marketing and Inspection Services	327,000	355,000	327,000	327,000	---	-28,000	---
Animal and Plant Health Inspection Service:							
Salaries and expenses	300,684,000	253,156,000	296,229,000	302,407,000	+1,723,000	+49,251,000	+6,178,000
(Transfer from Commodity Credit Corporation)	---	---	---	---	---	---	---
Buildings and facilities	4,054,000	2,347,000	2,246,000	2,246,000	-1,808,000	-101,000	---
Total, Animal & Plant Health Inspection Service	304,738,000	255,503,000	298,475,000	304,653,000	-85,000	+49,150,000	+6,178,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1986 adjusted (6)	Budget estimate (7)	House allowance (8)
Food Safety and Inspection Service	352,211,000	365,841,000	361,400,000	361,400,000	+9,189,000	-4,441,000	---
Federal Grain Inspection Service	6,697,000	6,979,000	6,697,000	6,697,000	---	-282,000	---
Inspection and Weighing Services (limitation on administrative expenses, from fees collected)	(35,244,000)	(36,829,000)	(36,829,000)	(36,829,000)	(+1,585,000)	---	---
Agricultural Cooperative Service	4,469,000	3,698,000	4,469,000	4,469,000	---	+771,000	---
Agricultural Marketing Service:							
Marketing Services	30,468,000	31,053,000	30,945,000	30,945,000	+477,000	-108,000	---
(Limitation on administrative expenses, from fees collected)	(27,253,000)	(28,164,000)	(28,164,000)	(28,164,000)	(+911,000)	---	---
Funds for strengthening markets, income, and supply (Section 32) (by transfer)	(5,936,000)	(6,273,000)	(6,773,000)	(7,147,000)	(+1,211,000)	(+874,000)	(+374,000)
Payments to States and possessions	942,000	---	942,000	942,000	---	+942,000	---
Office of Transportation	2,340,000	1,233,000	2,340,000	1,233,000	-1,107,000	---	-1,107,000
Total, Agricultural Marketing Service	33,750,000	32,286,000	34,227,000	33,120,000	-630,000	+834,000	-1,107,000
Packers and Stockyards Administration	8,740,000	9,093,000	8,945,000	8,945,000	+205,000	-148,000	---
Total, Production, Processing and Marketing	2,024,998,000	1,872,691,000	2,088,233,000	2,136,567,000	+111,569,000	+263,876,000	+48,334,000

Farm Income Stabilization

Office of the Under Secretary for International Affairs and Commodity Programs	473,000	513,000	473,000	473,000	---	-40,000	---
Agricultural Stabilization and Conservation Service:							
(Transfer from Commodity Credit Corporation)	(383,639,000)	(463,696,000)	(449,403,000)	(521,138,000)	(+137,499,000)	(+57,442,000)	(+71,735,000)
Dairy indemnity program	95,000	---	95,000	95,000	---	+95,000	---
Total, Farm Income Stabilization	384,207,000	464,209,000	449,971,000	521,706,000	+137,499,000	+57,497,000	+71,735,000
CORPORATIONS							
Federal Crop Insurance Corporation:							
Administrative and operating expenses	209,468,000	239,885,000	209,568,000	209,568,000	+100,000	-30,317,000	---
Federal crop insurance corporation fund	134,190,000	135,743,000	135,743,000	200,000,000	+65,810,000	+64,257,000	+64,257,000
Total, Federal Crop Insurance Corporation	343,658,000	375,628,000	345,311,000	409,568,000	+65,910,000	+33,940,000	+64,257,000
Commodity Credit Corporation:							
Reimbursement for net realized losses 1/	19,608,926,000	---	16,808,806,000	---	-19,608,926,000	---	-16,808,806,000
General Sales Manager (transfer from Commodity Credit Corporation)	(5,827,000)	(6,089,000)	(5,827,000)	(6,089,000)	(+262,000)	---	(+262,000)
Total, Farm Income Stabilization:							
New budget (obligational) authority	19,953,152,000	376,141,000	17,154,685,000	410,136,000	-19,543,016,000	+33,995,000	-16,744,549,000
(By transfer)	(389,466,000)	(469,785,000)	(455,230,000)	(527,227,000)	(+137,761,000)	(+57,442,000)	(+71,997,000)
Total, title I, Agricultural Programs:							
New budget (obligational) authority	21,978,150,000	2,248,832,000	19,242,918,000	2,546,703,000	-19,431,447,000	+297,871,000	-16,696,215,000
Definite appropriations	(21,978,150,000)	(2,248,832,000)	(19,242,918,000)	(2,546,703,000)	(-19,431,447,000)	(+297,871,000)	(-16,696,215,000)
(By transfer)	(443,143,000)	(469,785,000)	(493,857,000)	(527,227,000)	(+84,084,000)	(+57,442,000)	(+33,370,000)
(Transfer from Sec. 32)	(5,936,000)	(6,273,000)	(6,773,000)	(7,147,000)	(+1,211,000)	(+874,000)	(+374,000)
(Limitation on obligations)	(62,497,000)	(64,993,000)	(64,993,000)	(64,993,000)	(+2,496,000)	---	---

1/ Requested in the FY 1986 and 1987 budget documents as a permanent indefinite appropriation, and included in the Senate bill as a current, indefinite appropriation.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recom-mendation (5)	Senate committee recommendation compared with (+ or -)		
					1986 adjusted (6)	Budget estimate (7)	House allowance (8)
TITLE II - RURAL DEVELOPMENT PROGRAMS							
Rural Development Assistance							
Office of the Under Secretary for Small Community and Rural Development..................................	744,000	422,000	394,000	394,000	-350,000	-28,000	---
Farmers Home Administration:							
Rural Housing Insurance Fund:							
Direct loans 1/................................	(14,335,000)	---	(14,355,000)	---	(-14,335,000)	---	(-14,355,000)
Insured loans................................	(2,021,184,000)	---	(2,021,184,000)	(2,032,519,000)	(+11,335,000)	(+2,032,519,000)	(+11,335,000)
Collection and servicing contracts (limitation on obligations).............................	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	---	---	---
Site loans..................................	(574,000)	---	(574,000)	(574,000)	---	(+574,000)	---
Rent supplement authorization (limitation)....	(160,310,000)	---	(160,310,000)	(160,310,000)	---	(+160,310,000)	---
Reimbursement for interest and other losses 2/	1,996,283,000	2,866,434,000	2,448,151,000	2,866,434,000	+870,151,000	---	+418,283,000
Total, Rural Housing Insurance Fund:							
New budget (obligational) authority.....	1,996,283,000	2,866,434,000	2,448,151,000	2,866,434,000	+870,151,000	---	+418,283,000
(Loan authorization)....................	(2,196,403,000)	---	(2,196,423,000)	(2,193,403,000)	(-3,000,000)	(+2,193,403,000)	(-3,020,000)
(Limitation on obligations).............	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	---	---	---
Self-help Housing Land Development Fund:							
Insured......................................	---	---	---	(1,000,000)	(+1,000,000)	(+1,000,000)	(+1,000,000)
Agricultural Credit Insurance Fund:							
Farm ownership loans:							

Insured..................................	(388,820,000)	(195,000,000)	(190,000,000)	---	(-388,820,000)	(-195,000,000)	(-190,000,000)
Guaranteed...............................	(249,250,000)	(325,000,000)	(325,000,000)	(325,000,000)	(+75,750,000)	---	---
Total, real estate loans................	(638,070,000)	(520,000,000)	(515,000,000)	(325,000,000)	(-313,070,000)	(-195,000,000)	(-190,000,000)
Operating loans:							
Insured 3/...............................	(2,203,180,000)	(1,305,000,000)	(1,298,000,000)	(1,500,000,000)	(-703,180,000)	(+195,000,000)	(+202,000,000)
Guaranteed...............................	(1,660,900,000)	(2,175,000,000)	(2,170,000,000)	(2,175,000,000)	(+514,100,000)	---	(+5,000,000)
Total, operating loans..................	(3,864,080,000)	(3,480,000,000)	(3,468,000,000)	(3,675,000,000)	(-189,080,000)	(+195,000,000)	(+207,000,000)
Indian tribe land acquisition loans...........	(3,828,000)	---	(3,828,000)	(2,000,000)	(-1,828,000)	(+2,000,000)	(-1,828,000)
Soil and Water Loans:							
Insured..................................	(21,054,000)	---	(12,000,000)	(10,000,000)	(-11,054,000)	(+10,000,000)	(-2,000,000)
Guaranteed...............................	(5,742,000)	---	(5,000,000)	(1,000,000)	(-4,742,000)	(+1,000,000)	(-4,000,000)
Watershed and Flood Prevention................	(13,398,000)	---	(13,398,000)	(2,500,000)	(-10,898,000)	(+2,500,000)	(-10,898,000)
Resource Conservation Loans...................	(1,914,000)	---	(1,914,000)	(500,000)	(-1,414,000)	(+500,000)	(-1,414,000)
Emergency disaster loans 3/......................	(544,100,000)	(700,000,000)	(700,000,000)	(700,000,000)	(+155,900,000)	---	---
Reimbursement for interest and other losses...	1,083,403,000	2,440,203,000	1,723,403,000	2,440,203,000	+1,356,800,000	---	+716,800,000
Total, Agricultural Credit Insurance Fund:							
New budget (obligational) authority.....	1,083,403,000	2,440,203,000	1,723,403,000	2,440,203,000	+1,356,800,000	---	+716,800,000
(Loan authorization).....................	(5,092,186,000)	(4,700,000,000)	(4,719,140,000)	(4,716,000,000)	(-376,186,000)	(+16,000,000)	(-3,140,000)

1/ Included in Seante bill under 'Insured Loans'.

2/ FY 1986 levels include $163,420,000 and FY 1987 levels include $151,868,000 for estimated payments under contracts of the rural rental assistance program.

3/ FY1986 Adjusted Level Reflects transfer of $700 million from Emergency Disaster Loans to Insured Operating Loans

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

					Senate committee recommendation compared with (+ or −)		
Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	1986 adjusted (6)	Budget estimate (7)	House allowance (8)
Rural Development Insurance Fund:							
Water and sewer facility loans................	(325,380,000)	---	(325,380,000)	(325,380,000)	---	(+325,380,000)	---
Industrial development loans: Guaranteed......	(95,700,000)	---	(95,700,000)	(95,700,000)	---	(+95,700,000)	---
Community facility loans......................	(95,700,000)	---	(95,700,000)	(95,700,000)	---	(+95,700,000)	---
Reimbursement for losses......................	556,645,000	736,619,000	656,645,000	736,619,000	+179,974,000	---	+79,974,000
Total, Rural Development Insurance Fund:							
New budget (obligational) authority.....	556,645,000	736,619,000	656,645,000	736,619,000	+179,974,000	---	+79,974,000
(Loan authorization).....................	(516,780,000)	---	(516,780,000)	(516,780,000)	---	(+516,780,000)	---
Rural water and waste disposal grants.............	109,395,000	---	109,395,000	109,395,000	---	+109,395,000	---
Very low-income housing repair grants.............	11,891,000	---	11,891,000	13,891,000	+2,000,000	+13,891,000	+2,000,000
Rural housing for domestic farm labor.............	9,513,000	---	9,513,000	9,513,000	---	+9,513,000	---
Mutual and self-help housing......................	7,610,000	---	7,610,000	8,610,000	+1,000,000	+8,610,000	+1,000,000
Rural community fire protection grants............	3,091,000	---	3,091,000	3,091,000	---	+3,091,000	---
Compensation for construction defects.............	713,000	---	713,000	713,000	---	+713,000	---
Rural housing preservation grants.................	19,140,000	---	19,140,000	19,140,000	---	+19,140,000	---
Salaries and expenses.............................	356,106,000	382,639,000	381,867,000	393,474,000	+37,368,000	+10,835,000	+11,607,000
(Transfer from loan accounts)..................	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	---	---	---
Total, salaries and expenses................	(360,106,000)	(386,639,000)	(385,867,000)	(397,474,000)	(+37,368,000)	(+10,835,000)	(+11,607,000)
Total, Farmers Home Administration..........	4,153,790,000	6,425,895,000	5,371,419,000	6,601,083,000	+2,447,293,000	+175,188,000	+1,229,664,000

Rural Electrification Administration:							
Rural electrification & telephone revolving fund:							
Direct loans:							
Insured loans:							
Electric	(622,050,000)	(375,000,000)	(622,050,000)	(622,050,000)	---	(+247,050,000)	---
Telephone	(239,250,000)	(60,000,000)	(239,250,000)	(239,250,000)	---	(+179,250,000)	---
Total, Insured loans	(861,300,000)	(435,000,000)	(861,300,000)	(861,300,000)	---	(+426,300,000)	---
Guaranteed loans:							
Electric	(813,450,000)	(225,000,000)	(813,450,000)	(813,450,000)	---	(+588,450,000)	---
Telephone	(119,625,000)	---	(119,625,000)	(119,625,000)	---	(+119,625,000)	---
Total, Guaranteed loans	(933,075,000)	(225,000,000)	(933,075,000)	(933,075,000)	---	(+708,075,000)	---
Reimbursement for interest and other losses	100,000,000	---	100,000,000	---	-100,000,000	---	-100,000,000
Rural telephone bank	(28,710,000)	---	(28,710,000)	(28,710,000)	---	(+28,710,000)	---
Direct loans (limitation on obligations)	(177,045,000)	(139,000,000)	(177,045,000)	(177,045,000)	---	(+38,045,000)	---
Rural communication development fund	1,196,000	1,591,000	1,591,000	1,591,000	+395,000	---	---
Salaries and expenses	29,447,000	26,355,000	29,447,000	29,447,000	---	+3,092,000	---
Total, Rural Electrification Administration	30,643,000	27,946,000	31,038,000	31,038,000	+395,000	+3,092,000	---
Total, Rural Development Assistance:							
New budget (obligational) authority	4,185,177,000	6,454,263,000	5,402,851,000	6,632,515,000	+2,447,338,000	+178,252,000	+1,229,664,000
(By transfer)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	---	---	---
(Loan authorization)	(7,805,369,000)	(4,700,000,000)	(7,432,343,000)	(7,427,183,000)	(-378,186,000)	(+2,727,183,000)	(-5,160,000)
(Limitation on obligations)	(10,000,000)	(10,000,000)	(10,000,000)	(10,000,000)	---	---	---

Conservation

Office of the Assistant Secretary for Natural Resources and Environment	363,000	395,000	363,000	363,000	---	-32,000	---
Soil Conservation Service:							
Conservation operations	348,340,000	361,996,000	361,520,000	372,566,000	+24,226,000	+10,570,000	+11,046,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item	1986 adjusted	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or -)		
					1986 adjusted	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
River basin surveys and investigations	14,166,000	9,472,000	14,166,000	9,472,000	-4,694,000	---	-4,694,000
Watershed planning	8,480,000	6,480,000	8,480,000	8,480,000	---	+2,000,000	---
Watershed and flood prevention operations	220,700,000	67,778,000	174,885,000	156,885,000	-63,815,000	+89,107,000	-18,000,000
Resource conservation and development	25,020,000	11,400,000	25,020,000	25,020,000	---	+13,620,000	---
Great Plains conservation program	20,474,000	---	20,474,000	20,474,000	---	+20,474,000	---
Total, Soil Conservation Service	637,180,[illegible]	457,126,000	604,545,000	592,897,000	-44,283,000	+135,771,000	-11,648,000
Agricultural Stabilization and Conservation Service:							
Agricultural conservation program	180,739,000	---	180,739,000	176,935,000	-3,804,000	+176,935,000	-3,804,000
Forestry incentives program	11,891,000	---	11,891,000	11,891,000	---	+11,891,000	---
Water bank program	8,371,000	---	5,000,000	8,371,000	---	+8,371,000	+3,371,000
Emergency conservation program	---	---	---	---	---	---	---
Colorado River Basin, salinity control program	---	---	3,804,000	3,804,000	+3,804,000	+3,804,000	---
Total, Agricultural Stabilization and Conservation Service	201,001,000	---	201,434,000	201,001,000	---	+201,001,000	-433,000
Total, Conservation:							
New budget (obligational) authority	838,544,000	457,521,000	806,342,000	794,261,000	-44,283,000	+336,740,000	-12,081,000
Total, title II, Rural Development Programs:							
New budget (obligational) authority	5,023,721,000	6,911,784,000	6,209,193,000	7,426,776,000	+2,403,055,000	+514,992,000	+1,217,583,000
(By transfer)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	---	---	---
(Loan authorization)	(7,805,369,000)	(4,700,000,000)	(7,432,343,000)	(7,427,183,000)	(-378,186,000)	(+2,727,183,000)	(-5,160,000)

TITLE III - DOMESTIC FOOD PROGRAMS

Office of the Assistant Secretary for Food and Consumer Services	330,000	358,000	330,000	330,000	---	-28,000	---
Food and Nutrition Service:							
Child nutrition programs	601,455,000	230,413,000	162,399,000	937,680,000	+336,225,000	+707,267,000	+775,281,000
Amount available subject to budget request	(240,949,000)	---	(775,281,000)	---	(-240,949,000)	---	(-775,281,000)
(Transfer from sec. 32)	(3,271,592,000)	(3,227,923,000)	(3,295,937,000)	(3,295,937,000)	(+24,345,000)	(+68,014,000)	---
Total, Child nutrition programs	(4,113,996,000)	(3,458,336,000)	(4,233,617,000)	(4,233,617,000)	(+119,621,000)	(+775,281,000)	---
Special milk program	11,500,000	---	14,869,000	14,869,000	+3,369,000	+14,869,000	---
Feeding program for Women, Infants and Children (WIC)	1,560,494,000	1,617,000,000	1,671,500,000	1,655,494,000	+95,000,000	+38,494,000	-16,006,000
Commodity supplemental food program	36,777,000	38,605,000	41,497,000	41,497,000	+4,720,000	+2,892,000	---
Food stamp program	12,637,703,000	12,343,579,000	12,684,665,000	12,684,665,000	+46,962,000	+341,086,000	---
Nutrition assistance for Puerto Rico	(820,050,000)	(825,000,000)	(852,750,000)	(852,750,000)	(+32,700,000)	(+27,750,000)	---
Food donations programs for selected groups:							
Needy family program	54,006,000	55,300,000	56,432,000	56,432,000	+2,426,000	+1,132,000	---
Elderly feeding program	131,083,000	132,000,000	137,157,000	137,157,000	+6,074,000	+5,157,000	---
Total, Food donations programs	185,089,000	187,300,000	193,589,000	193,589,000	+8,500,000	+6,289,000	---
Temporary emergency food assistance program	47,563,000	---	50,000,000	50,000,000	+2,437,000	+50,000,000	---
Food program administration	78,403,000	86,100,000	82,578,000	83,563,000	+5,160,000	-2,537,000	+985,000
Total, Food and Nutrition Service	15,158,984,000	14,502,997,000	14,901,097,000	15,661,357,000	+502,373,000	+1,158,360,000	+760,260,000
Human Nutrition Information Service	12,890,000	6,876,000	8,976,000	6,876,000	-6,014,000	---	-2,100,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −)		
					1986 adjusted (6)	Budget estimate (7)	House allowance (8)
Total, title III, Domestic Food Programs:							
New budget (obligational) authority.........	15,172,204,000	14,510,231,000	14,910,403,000	15,668,563,000	+496,359,000	+1,158,332,000	+758,160,000
Definite appropriations..................	(15,172,204,000)	(14,510,231,000)	(14,910,403,000)	(15,668,563,000)	(+496,359,000)	(+1,158,332,000)	(+758,160,000)
Subject to budget request................	(240,949,000)	---	(775,281,000)	---	(-240,949,000)	---	(-775,281,000)
(Transfer from sec. 32)......................	(3,271,592,000)	(3,227,923,000)	(3,295,937,000)	(3,295,937,000)	(+24,345,000)	(+68,014,000)	---
TITLE IV - INTERNATIONAL PROGRAMS							
Foreign Agricultural Service...........................	79,432,000	71,882,000	81,109,000	81,109,000	+1,677,000	+9,227,000	---
Public Law 480:							
Title I and III - Credit sales:							
Program level..................................	(985,710,000)	(944,400,000)	(831,600,000)	(837,854,000)	(-147,856,000)	(-106,546,000)	(+6,254,000)
Appropriation..................................	624,976,000	564,400,000	451,600,000	457,854,000	-167,122,000	-106,546,000	+6,254,000
Title II - Commodities for disposition abroad:							
Program level..................................	(618,318,000)	(600,000,000)	(731,118,000)	(525,570,000)	(-92,748,000)	(-74,430,000)	(-205,548,000)
Appropriation..................................	618,318,000	600,000,000	731,118,000	525,570,000	-92,748,000	-74,430,000	-205,548,000
Total, Public Law 480:							
Program level..............................	(1,604,028,000)	(1,544,400,000)	(1,562,718,000)	(1,363,424,000)	(-240,604,000)	(-180,976,000)	(-199,294,000)
Appropriation..............................	1,243,294,000	1,164,400,000	1,182,718,000	983,424,000	-259,870,000	-180,976,000	-199,294,000
Office of International Cooperation and Development...	5,131,000	3,051,000	3,513,000	7,631,000	+2,500,000	+4,580,000	+4,118,000

Scientific activities overseas (foreign currency program)..	2,854,000	---	2,500,000	---	-2,854,000	---	-2,500,000
Total, title IV, International Programs:							
New budget (obligational) authority.........	1,330,711,000	1,239,333,000	1,269,840,000	1,072,164,000	-258,547,000	-167,169,000	-197,676,000
TITLE V - RELATED AGENCIES							
DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Food and Drug Administration:							
Salaries and expenses.............................	377,606,000	399,403,000	410,540,000	411,803,000	+34,197,000	+12,400,000	+1,263,000
Amount available subject to budget request....	(6,634,000)	---	---	---	(-6,634,000)	---	---
Buildings and facilities..........................	1,379,000	1,450,000	1,879,000	1,879,000	+500,000	+429,000	---
Rental payments (FDA)..............................	24,627,000	28,372,000	24,627,000	24,627,000	---	-3,745,000	---
Collections from user fees (limitation on obligations).....................................	---	(25,800,000)	---	---	---	(-25,800,000)	---
Total, Food and Drug Administration.............	403,612,000	429,225,000	437,046,000	438,309,000	+34,697,000	+9,084,000	+1,263,000
INDEPENDENT AGENCIES							
Commodity Futures Trading Commission..................	27,983,000	30,418,000	29,161,000	30,418,000	+2,435,000	---	+1,257,000
Farm Credit Administration (limitation on administrative expenses).............................	(29,403,000)	(39,420,000)	(39,420,000)	(39,420,000)	(+10,017,000)	---	---
Total, title V, Related Agencies:							
Definite appropriations.........................	431,595,000	459,643,000	466,207,000	468,727,000	+37,132,000	+9,084,000	+2,520,000
Definite appropriations..................	(431,595,000)	(459,643,000)	(466,207,000)	(468,727,000)	(+37,132,000)	(+9,084,000)	(+2,520,000)
Subject to budget request................	(6,634,000)	---	---	---	(-6,634,000)	---	---
(Limitation on obligations)..................	(29,403,000)	(65,220,000)	(39,420,000)	(39,420,000)	(+10,017,000)	(-25,800,000)	---
RECAPITULATION							
Grand Total:							
New budget (obligational) authority.........	43,936,381,000	25,369,823,000	42,098,561,000	27,182,933,000	-16,753,448,000	+1,813,110,000	-14,915,628,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1986 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1987—Continued

[Amounts in dollars]

Item (1)	1986 adjusted (2)	Budget estimate (3)	House allowance (4)	Committee recommendation (5)	Senate committee recommendation compared with (+ or −) 1986 adjusted (6)	Budget estimate (7)	House allowance (8)
Definite appropriations	(43,936,381,000)	(25,369,823,000)	(42,098,561,000)	(27,182,933,000)	(-16,753,448,000)	(+1,813,110,000)	(-14,915,628,000)
Indefinite appropriations	---	---	---	---	---	---	---
Subject to budget request	(247,583,000)	---	(775,281,000)	---	(-247,583,000)	---	(-775,281,000)
(By transfer)	(447,143,000)	(473,785,000)	(497,857,000)	(531,227,000)	(+84,084,000)	(+57,442,000)	(+33,370,000)
(Loan authorization)	(7,805,369,000)	(4,700,000,000)	(7,432,343,000)	(7,427,183,000)	(-378,186,000)	(+2,727,183,000)	(-5,160,000)
(Limitation on obligations)	(101,900,000)	(140,213,000)	(114,413,000)	(114,413,000)	(+12,513,000)	(-25,800,000)	---
Title I - Agricultural programs	21,978,150,000	2,248,832,000	19,242,918,000	2,546,703,000	-19,431,447,000	+297,871,000	-16,696,215,000
Title II - Rural development programs	5,023,721,000	6,911,784,000	6,209,193,000	7,426,776,000	+2,403,055,000	+514,992,000	+1,217,583,000
Title III - Domestic food programs	15,172,204,000	14,510,231,000	14,910,403,000	15,668,563,000	+496,359,000	+1,158,332,000	+758,160,000
Title IV - International programs	1,330,711,000	1,239,333,000	1,269,840,000	1,072,164,000	-258,547,000	-167,169,000	-197,676,000
Title V - Related agencies	431,595,000	459,643,000	466,207,000	468,727,000	+37,132,000	+9,084,000	+2,520,000
Total, new budget (obligational) authority	43,936,381,000	25,369,823,000	42,098,561,000	27,182,933,000	-16,753,448,000	+1,813,110,000	-14,915,628,000
Transfer from sec. 32 (Customs Receipts)	3,277,528,000	3,234,196,000	3,302,710,000	3,303,084,000	+25,556,000	+68,888,000	+374,000
Total obligational authority	47,213,909,000	28,604,019,000	45,401,271,000	30,486,017,000	-16,727,892,000	+1,881,998,000	-14,915,254,000
Memoranda:							
Direct and insured loan level	6,659,754,000	2,774,000,000	5,711,674,000	5,720,654,000	-939,100,000	+2,946,654,000	+8,980,000
Guaranteed loan level	2,938,925,000	2,725,000,000	3,523,775,000	3,528,775,000	+589,850,000	+803,775,000	+5,000,000
Transfers from Commodity Credit Corporation.	383,639,000	463,696,000	449,403,000	521,138,000	+137,499,000	+57,442,000	+71,735,000